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The MAGAZINE of WALL STREET

and BUSINESS ANALYST

MARCH 31, 1956 85 CENTS

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THE MAGAZINE OF WALL STREET
and BUSINESS ANALYST

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- 50,000 owners are General Electric employees. (Another 65,000 employees are becoming owners.)
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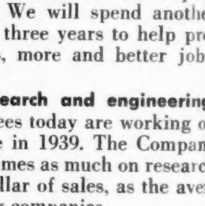
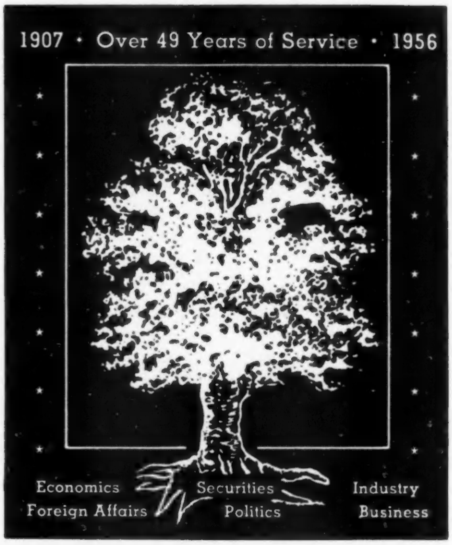
With these advances, we are trying to see to it that General Electric's progress is shared by customers, share owners, employees, suppliers, and the public.



FOR YOUR FREE COPY OF OUR 1955 ANNUAL REPORT, *including a complete financial statement as well as details on the subjects summarized here, write General Electric, Dept.* 2H-111, *Schenectady, N. Y. If you own General Electric shares held in the name of a broker — or in a nominee name of a bank or trust company — write to Dept.* 2U-111, *and we will mail you regularly all share owner publications, including the Annual Report, Share Owners Quarterly, and report of the annual meeting.*

THE MAGAZINE OF WALL STREET
C. G. WYCKOFF, *Editor-Publisher*



The Trend of Events

THIS IS A VICTORY? . . . The A.F.L.-C.I.O. International Union of Electrical Workers led some 44,000 working folk in a needlessly bitter and costly strike against Westinghouse Electric Corp. At the end of a five-month struggle, during which the army of strikers was without livelihood and went deeply into debt to provide the bare needs of life, an agreement was reached between the union commander and the company. The misery, suffering and sacrifice that had befallen thousands of innocent families, we would think, should be cause enough for sorrow and humility.

But the ink was not dry on the company-union contract when labor leaders were heralding "a clear-cut victory."

It could hardly be the sentiment of the people in the ranks, who lost more than $100 million in wages, who were reduced to eating meals in soup kitchens set up at union halls, who begged credit to feed and house their families. The company was gracious enough to come forward with a loan to strikers in the Christmas season. The thousands of strikers who strode picket lines through the cold winter and who will be many months struggling for solvency must be asking themselves how many more such "clear-cut victories" they can afford.

Indeed, not all of the fruits of this "victory" have been digested. For it will take time to get some Westinghouse plants into operating condition and additional time to achieve a high rate of production. Of course, there will be no need to produce orders that have been cancelled. Despite the attempts at insuring its post-strike trade, Westinghouse sustained irreparable losses. It is estimated that nearly $300 million of shipments could have been made if the walkout had not occurred. This is part of the price paid by the company to preserve the principle of management dominance of corporate operations.

Actually, union leadership suffered a great defeat because of the confidence lost among the rank-and-file. While for Westinghouse, courageously fighting for a principle; for workers, desirous of a decent livelihood, and investors, who ask only a fair return on their investment, the last five months have been a major disaster.

HOW THE CONSUMER FEELS . . . A major industry that has grown up in this country during the last generation is polling. Pulse-takers, the high priests of the industry, want to know how folks are going to vote, whether the man or woman in the street believes war is inevitable, whether the pollee has given up or cut down on smoking and what do housewives want in the way of a vacuum cleaner.

It is a fact that one company attributes its success to a survey of homes that elicited guidance in the development of a vacuum cleaner.

Of course, there are other polls, conducted daily, that determine which television comedian is most popular and how many people tune in on a network telecast of a "soap opera." While no one yet has sought out our opinion, these polls must have reached just about everybody else, since nearly every field of endeavor has re-

We recommend to the attention of our readers the analytical discussion of business trends contained in our column "What's Ahead for Business?" This regular feature represents a valuable market analysis of importance to investors as well as to business men. To keep informed of the forces that may shape tomorrow's markets, don't miss it!

tained a poll-taking organization.

Needless to say, the Government itself is an old hand at conducting polls. The Federal Reserve Board now has Galluped onto the scene with its annual survey of consumer finances. Based on 2,800 interviews conducted in January and February, here are some of the responses elicited by the board and its associate in this project, the University of Michigan Research Center:

About 64% of those surveyed expected general business conditions to be good in 1956, while only 9% anticipated bad times. This is the most top-heavy majority recorded by the optimists in the 10-year history of the survey.

Some 39% said they were better off than a year ago, while 23% felt their fortunes had declined. Nearly 40% said they expected to be earning more a year hence and only 10% were reconciled to the prospect of earning less. No less than 9.6% said they would be looking for new homes this year, 8.2% were planning to purchase new cars and 7.2% expected to buy second-hand vehicles.

Aside from our chagrin at the frequent tendency of polls to be something less than pin-point accurate, no matter how great the sampling and despite the expertness of the surveyors, these findings may prove highly encouraging to the investment and business community. There is no doubt about the importance of the sentiment of consumers in the economic scheme of things.

This was illustrated in the late unlamented recession of 1954. That was a time of cutbacks in military procurement by the Government and inventory retrenchment by business. It was rising personal consumption that kept that recession from deepening.

While it is difficult to ignore the margin for error that is inherent in all samplings of the citizenry, it would be foolhardy to underestimate the value of the encouragement to the economy stemming from the purported optimism.

COMPETITION GROWS . . . Manufacturers, apparently, are doing more these days than studying polls to woo the customer. They realize that competition, which has been keen for some time, promises to grow even sharper. Examples of the trend: A television-set producer is offering a gift, worth $25 or more, to any purchaser of its products. Car-makers are giving away insurance policies to buyers. Tire companies are offering "the fifth" to purchasers of four tires. A manufacturer is giving away wallets to buyers of its watches. Dozens of illustrations could be offered, but the foregoing provides an insight that should suffice to indicate a pattern of sharp bidding for the consumer dollar.

STORMS AND PEOPLE . . . Our senior citizens, who are given to citing the greater hardihood of their own generation, must feel that their judgment was vindicated in the storms that swept the Eastern seaboard and adjacent areas before and after St. Patrick's Day. An elderly gentleman, who spent his youth in Europe, was indignant at the failure of half the office force to turn up. "What do you suppose they do in Switzerland on a day like this?" he asked.

No one yet has found out what they do, but it is quite clear that many people well along in years found almost malicious pleasure in the partial paralysis that gripped the area during the height of the storm. Mind you, it was a storm and not a blizzard, as a senior Weather Bureau official pointed out.

It is quite likely that this generation of Americans is less hardy than the survivors of the blizzard of '88, a time when there was less sedentary employment, no automobile to perform the smallest chore and the soft chair in the parlor was not entree to the endless hours of entertainment now afforded by television.

COLLECTIVE CONFUSION . . . The warf and woop of the American educational process embodies the Lincoln legend. Of course, if you went to school in the Southland, Robert E. Lee would have served as the great inspiration. In either case, it is difficult to assay the reaction of Americans to any revelation that Mr. Lincoln or General Lee was a tyrant who terrorized associates, purged colleagues, was a coward and ridden in his last days by phobias that caused him to fear, and plot against, even his closest aides.

At the very least, there would be confusion and outraged cries from tens of millions of Americans. We would not envy the plight of the accusers.

Whatever one may think of Russian values, it must be remembered that the people who dwell in that vast land are not without ideals of their own. An entire generation was reared on the Stalin legend. From the wastelands of Siberia to the Pripet marshes, communities were filled with heroic statues of Joseph Stalin. In millions of homes, his portrait replaced the ikon of a generation that was decimated by the revolution in which Stalin was a leader.

The new generation referred to Stalin as "the sun," "the genius architect," "great teacher" and "great leader." Unlike the American educational process, there never was any attempt to show human frailties, setbacks and miscalculations. Stalin was apostle of the holy trinity—Marx, Engels, Lenin.

Now, the men he raised to eminence are tearing that image to tatters. They are telling the people that when they entered Stalin's presence they did not know whether they would emerge alive. They are saying that the army ranks were purged by Stalin, who resorted to false charges against his victims. They are revealing that he was capable of monumental blunders, such as the pact with Hitler and his refusal to believe Russia would be attacked by the Germans, despite precise warnings from men such as Winston Churchill. They are charging that Stalin was a coward who fled Moscow when the Germans approached the capital. They also are alleging that in his last days, Stalin was a phobia-ridden man who feared, and plotted against, his associates.

The effect of these charges on millions of people within the borders of the Soviet Union is not easy to assess. Already, confusion and outrage are manifest. Many of these people must be asking themselves and each other what kind of men are their new rulers who, after all, were Stalin's hatchetmen.

Have the new leaders bitten off more than they can chew, creating cynicism among the Russian people that they will not be able to control? This could be the real beginning of serious revolt in the Russian Empire.

As I See It!

OPEN LETTER TO COLONEL NASSER

Dear Colonel Nasser:

I am deeply sympathetic with your dream to restore Egypt to its former greatness—and your dedication to that accomplishment.

But, feeling as you do about your own country, we Americans find it surprising that your heart does not respond with sympathy and understanding to the deep urge that motivated the Jewish people to return to their ancient homeland, and to want greatly to build a place of refuge for those who had been so terribly persecuted.

We thought that you would have been as touched as we were by the ardor with which they threw themselves into the task of making habitable the small strip of desert which they received as their own—and been inspired by their joy as cities, homes and garden spots rose out of the sands.

I know the people of this country, whether Christian or Jew, have been deeply moved by a love so great that no sacrifice—no hardship—was too much to pay for the privilege of standing erect as free men in a country which was the ancestral home of their forefathers.

There is nothing so destructive as hatred, as we have learned in our own generation. But why between the Jews and the Arabs—who are brothers—of the same Semitic race—believing in the same God, whether the Moslems call him Allah or the Jews call him Jehovah — with "Mohammed as our Prophet, and Moses as theirs," as Prince Osman Abdul Razik of Egypt told me many years ago?

Hatred and intolerance laid a heavy hand on the peoples all over the globe in World Wars I and II—and what has happened has taken place right under our eyes, so the lessons are there for us to learn and should not have to be relearned again and again.

When will the wise man arise who will profit by the mistakes made by others? Nazi Germany did not endure a thousand years, as Hitler forecast. Instead he ruined his country and his people by his lack of humanity and lust for power. And Stalin too, now only a short time after his death, is being exposed to the world by his former cohorts as a tyrant—a charlatan—and a murderer. Both of these violent men planned as though they were immortal, without regard for the laws of nature.

Mussolini was different. He was a tolerant man, and started out with the purpose of rehabilitating his people and rebuilding his country. But, blinded by ambition, he allied himself with Hitler and ended up becoming his unwilling prisoner, bringing death and destruction to himself and his country.

Yet, if I may say so, I believe you are taking similar risks in placing your trust in the leaders of the Soviet Union. Their goal has always been to win great power in the Mediterranean—and if they ever gain control of the Suez Canal what do you think would happen to you—to Egypt?

To blind yourself to these truths would be very dangerous—to your country and to the entire Arab world. For it must be clear that Russia is not trying to help you or the Arabs, but is seeking a short-cut to domination of the Middle East by eliminating Israel, the one anti-communist government there that is affiliated with similar groups all over the world—and is in a position to wield great influence. To stop her.

As a student of history, I have learned that intolerance—viciousness—and war-like attitudes have been responsible for the decline of even the greatest nations, including Egypt—and that in the interim the people have paid the price in blood, treasure and unbelievable suffering. Must we start all this over again—along the uncharted path that is war?

It is clear that a new holocaust will bring an end to civilization as we know it, in which case Egypt will be as devastated as any other land—because we are living in times of all-out war. Are you thinking in terms of that outcome—or do you believe you are destined to succeed where others have failed?

There was no victory in the last two wars, which left a great deal of the world in ruins. In previous ages this devastation might have lasted a thousand years—and would have again this time had not the compassion and humanitarianism of the West inspired its people to give unprecedented aid for the restoration and well-being of people in all the countries involved.

It must be clear to you, as it is to us, that Egypt, to develop properly, needs peace rather than war—that the difference with Israel should be approached with the greatest common sense and realism. Returning the displaced Arabs to Israel will not solve the problem because of the changes that have taken place.

And, after all, the Jews occupy but a tiny strip of land compared to the great Arab areas, and you are sure to lose the sympathy of the West if you attack that little country. Besides—war is certain to bring calamity and devastation for Egypt. In the struggle which would undoubtedly involve the great powers—do you think it is worth it at a time when you are just beginning to stand on your feet?

Peace—tolerance—and patience are the answer—not war.

Sincerely yours,

CHARLES BENEDICT

The Kind of Stocks to Hold

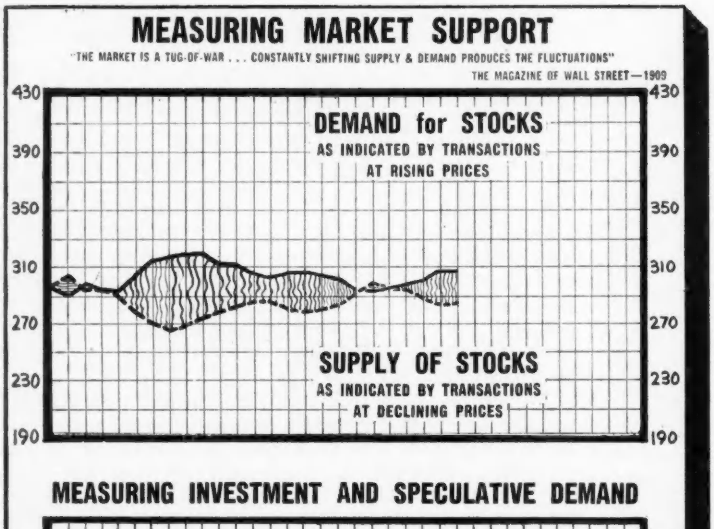
Under leadership largely of prominent industrials and rails, with numerous other issues lagging, the market "averages" have risen further. Confidence, now heading toward overconfidence, might spark more rise. Figured in percentage, the maximum potential appears fairly moderate. Stick to a sensibly conservative, highly selective policy.

By A. T. MILLER

To the extent that the Dow industrial average tells part of the story of what stock prices are doing, the market moved up further into new high ground, beyond all past levels, during the past fortnight, absorbing profit-taking without much difficulty and promptly making up a sizable corrective dip experienced Wednesday (March 21) trading session. Rails, after a five-day sidewise drift, were enlivened again toward the end of last week, spurting to a new high for this bull market and to the best level since 1930. The utility average, which recorded its bull-market high to date on March 15, has been sluggish in a tight range for some days.

Trading volume remained around recent expanded levels, averaging close to 3 million shares a day; but, on balance, was a little lower last week than in the preceding week. In ratio to total listed shares, which now exceed 4 billion on the Big Board, it is still quite moderate, as compared with activity at advanced phases of most earlier bull markets. This reflects the increased emphasis on long-term, "stay-put" investment by institutions and many individuals.

It is quite possible that selective upward tendencies may go further over the near or medium term, although not without inevitable technical corrections; and that further advance by the Dow industrial average might seem impressive when measured in points. Note, however, that at the average's latest peak of 513.03 it takes around a 25-point gain to foot up to even 5%; and that this modest figure compares with a rise already recorded of 101% from the September, 1953, low, and of 212% from the mid-1949 low. Taking into account the inexorable workings of bull-market "percentage," enthusiasm about possibilities from this point on could easily be overdone.



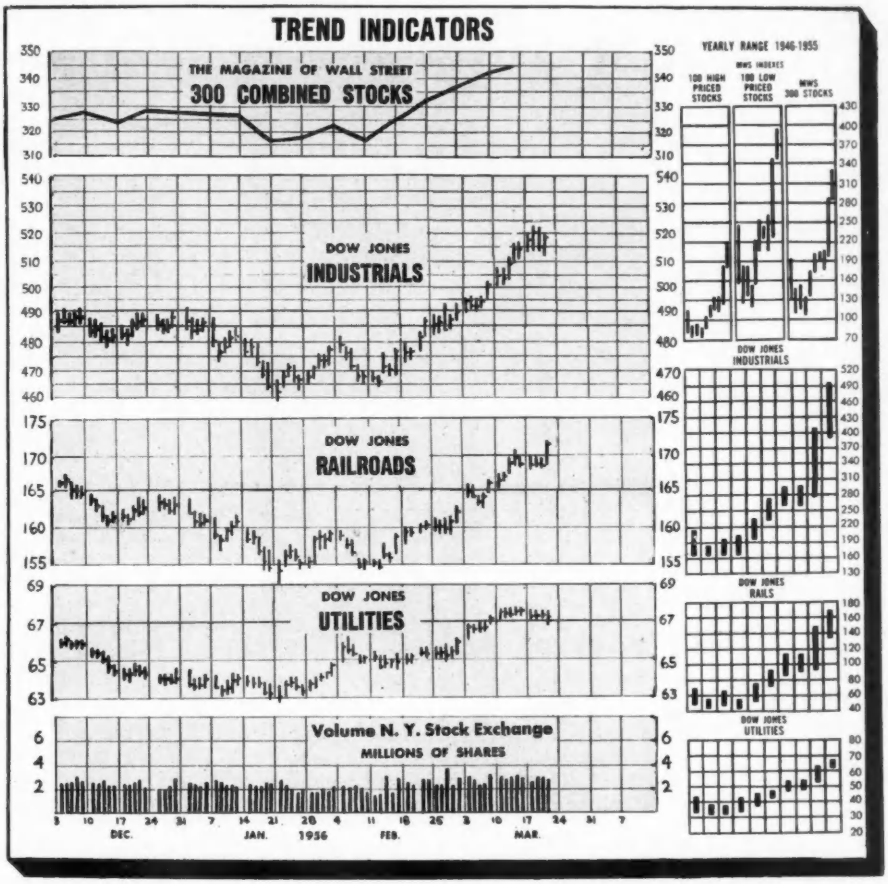
Under The Surface

Moreover, when you look at the actual market, rather than the segment of it represented largely by more prominent industrial equities, you get a somewhat different pictures. Thus, over the last two weeks, advances by individual stocks averaged about 500 issues per trading session, while an average of about 700 issues per day either declined or showed no change. That explains why our broad weekly index of 300 stocks and our index of 100 lower-priced stocks have lagged behind "the Dow" recently. It is trite, but true, to point out again that you make or lose money in stocks, not the averages.

Speculative-investment confidence—which is the same thing as optimism, with optimism the same thing as hope—is high and, as usual in the upper reaches of a long bull market, is feeding on itself. In due time it has always heretofore become overconfidence; and, since human nature does not change, it will no doubt do so in this instance. Nobody can pinpoint the exact time or level, since the psychological-emotional factor is an imponderable. If you climb a tree and crawl out on a limb, nobody can tell

you at just what point it will break; but common sense should warn you that the further out you crawl, the greater becomes your risk and that, if you just keep on crawling, you will certainly take a fall.

Yes, confidence is high. It was also high around the bull-market extremes of 1929, 1937 and 1946—which is not to say that we see basis for a serious general market decline in the present business environment. It is one of stability at a prosperity level. It is not an environment in which the average investor feels an urge to liquidate sound stocks, especially good long-pull holdings which were acquired at much lower levels, which would hardly go back to the purchase levels excepting possibly in a major depression-bear market cycle—not now foreseeable — and which would involve a rather heavy tax liability if sold. Investors so situated—and who are willing to stick to a long-term policy, with sufficient fortitude to ignore interim market fluctuations —are in a comfortable position at this juncture.



That is not so of those now considering new buying. Their problem is quite formidable. Excepting in reactionary periods, they must bid up to get basically desirable stocks at higher and higher valuations of earnings and dividends. On the whole, their buying cannot be as smart as it would have been at the earlier stages when, for extended periods, industrials of the Dow-average type sold for 10 or less times earnings, against about 14 times now, and yielded 5% to 6%, against little over 4.1% now. With nothing of any merit left on the bargain counter, they can only search carefully for *relatively* attractive stocks which are still not too greatly overpriced or realistically appraised prospects for earnings and dividends—to which end the recommendations on individual issues, made elsewhere in the Magazine, will be geared, as heretofore.

A good deal of the present less discriminating buying will in due time be regretted. But, unwise or not, it is at least predominantly on a cash basis. There is no big pyramid of credit-based speculation to be toppled.

Regardless of selectivity, the over-all market trend and its possible extension are of primary importance, just as the tide is important to all manner of ships. The new buyer in the rest of this cycle must (1) make a better-than-average choice of stocks; and (2) hope for the aid of a continued upward bias in the general market. He must hope, in short, that the market will move closer to past extremes. Now let's do some hypothetical figuring. Assuming a 10% gain in 1956 dividends on the Dow industrial average, which seems reasonable, present potential yield is about 4.6%. It ranged from 3.23% to 3.7% at the 1929, 1937 and 1946 tops, averaging 3.4% at the extremes. If you recklessly count on the latter being equaled, you are trying for a possible further rise of around 35% in "the Dow" to about the 700 level *—but, even so, that would be less than one sixth of the percentage rise already put behind since mid-1949.* So those going for profit between here and the top are obviously skating on thinner and thinner ice.

The Business Outlook

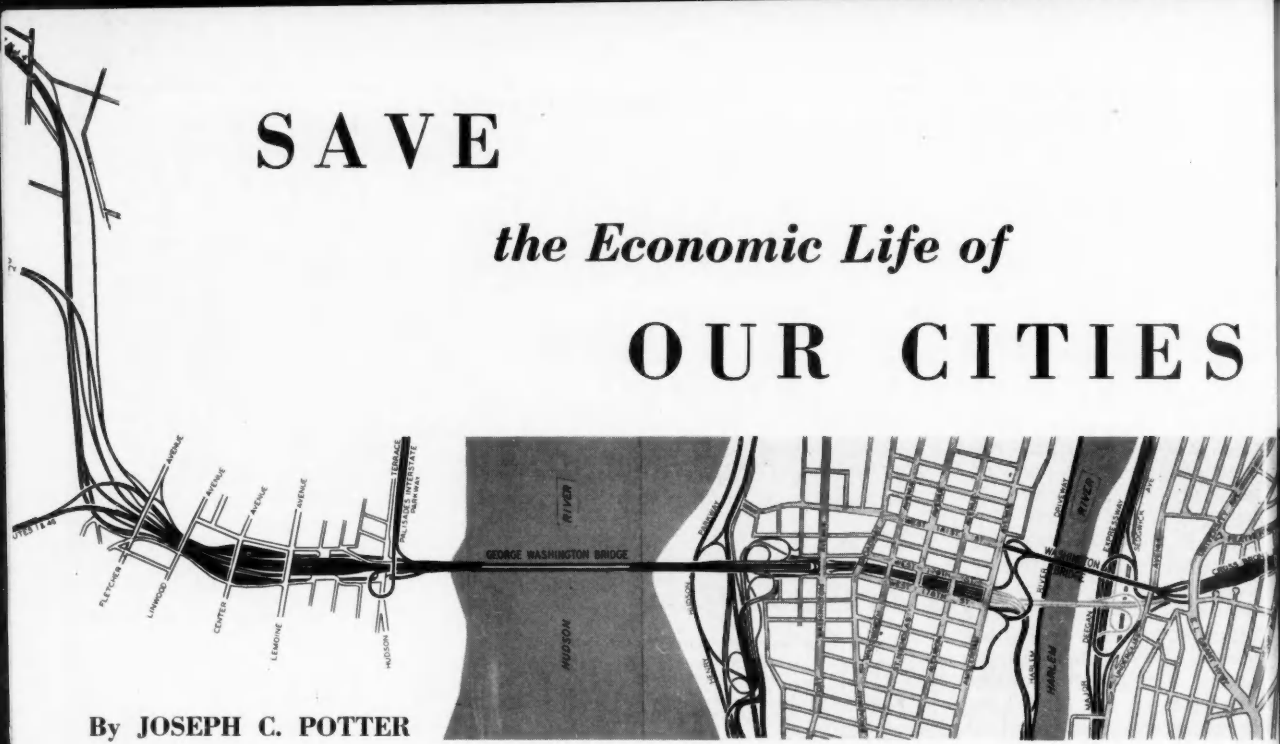
Tentative indications are that the shrinkage in housing activity is over or nearly so, and that auto output has been substantially adjusted to demand, while over-all industrial production has held close to peak levels. Total inventories, while expanding, have not yet run ahead of sales. Retail trade is "just fair." Installment credit figures to expand much less this year than last. Plant-equipment outlays and new orders are pointing upward. This will probably be a moderately better year than seemed likely at its start. But it cannot approach 1955 gains in business volume, earnings or dividends. No change in our selectively conservative policy is justified.

—Monday, March 26.

SAVE

the Economic Life of

OUR CITIES



By JOSEPH C. POTTER

THE POPULATION OF THIS COUNTRY, increasing by about 3 million persons annually, has been described as "explosive." That quality is reflected in our teeming cities and marshlands turned to suburbs. At the close of 1955, the population of the United States stood at about 166 million, an increase of 15 million (or about 10%) in the space of 5½ years.

Transportation facilities, needed to get people around our cities and into and out of them, have lagged badly. The automobile, which has borne the major burden, has left much to be desired in the absence of auxiliary transport, the dearth of adequate roadways and the failure to create needed parking facilities which would, at least, ease the squeeze.

If the passenger car were the answer to the congestion of traffic that chokes commerce and frustrates people, then the situation would get progressively better. For this is a country in which passenger cars outbreed people two-to-one. The ratio would be much higher if allowance were made for the outturn of trucks, trailers and buses.

Our major cities were laid out in the Nineteenth Century (not a few even earlier), when the car and truck were not factors. Yet the narrow streets and back alleys of such cities as New York, Philadelphia and Boston must cope with the problems of the Motor Age and the development of satellite communities spawned by modern modes of transport.

It's An Emergency

There is much talk about such problems as traffic congestion, parking and public transportation. It probably would be more accurate to allude to the current situation as an emergency. In Newark, N. J., an official of one of that city's smartest department stores gazed down the deserted aisles on a pleasant Saturday afternoon and said:

"It is an emergency. People simply refuse to buck the heavy traffic in their cars. When they finally arrive downtown, there is neither parking space nor sufficient off-the-street parking, for which they are prepared to pay. They'd do better to ride the buses, but even the buses are jammed and, of course, slowed by the bumper-to-bumper vehicular traffic. A lot of people simply refuse to put up with the ordeal, so they shop in their little community or on the highways, where stores are mushrooming. For the downtown stores, the situation is critical."

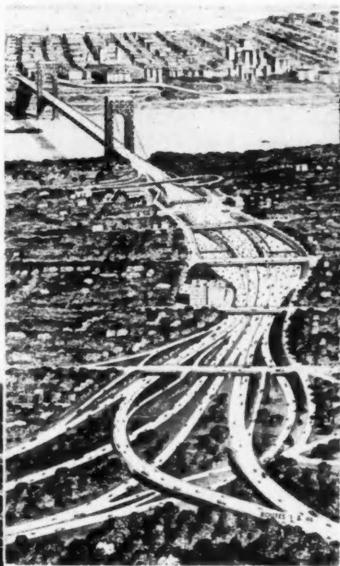
The plight of the Newark merchant typifies an emergency that confronts retailers and manufacturers in scores of cities. The Newark operation, like thousands of other enterprises in the midst of our cities, is a half-century old. In those days the daily movement of people was limited by the horse and buggy. Community life centered around the general store, the house of worship and the school. Communities were all but isolated. There were less than 100,000 automobiles in the entire country.

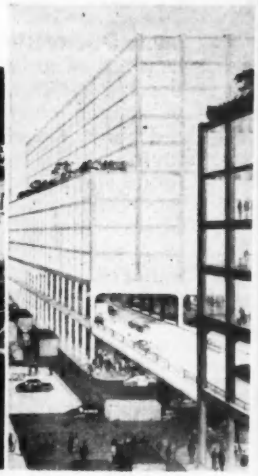
Modern America is on the move. With its crowded cities and growing suburbs, shopping centers, supermarkets and drive-ins, motels and trailers, Americans are the most mobile people extant. On rubber wheels, they go to work, to school, shopping and touring. Every day they travel over a billion miles. Seven out of 10 families own cars.

Transit Systems Fall Behind

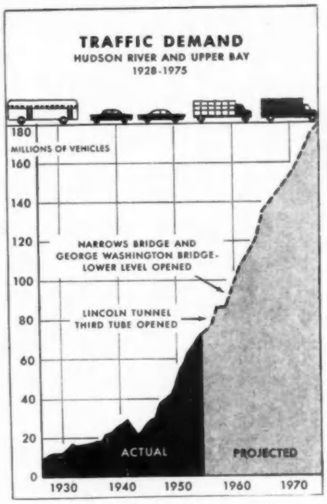
There are 50 million passenger cars in the nation. It does not require a traffic expert to realize the waste—of time, money, facilities, materials—growing out of a society that uses privately-owned vehicles for every chore and pleasure. This trend, away from mass-transit systems and increasing reliance on the private car, is depriving cities of

1) A record 35,774,708 vehicles crossed the George Washington Bridge in latest year. 2) Bumper - to - bumper traffic on the span linking New York and New Jersey is a daily sight. 3) Proposed expressway to ease jam-up of cars.





4) Cars leaving New York for Jersey and points west, north and south face a fierce struggle. 5) Elevated highway for shopping area is only gleam in planner's eye while the congestion mounts. 6) Trans-Hudson traffic facilities soar but problem worsens. Chart at right illustrates plans afoot.



essential revenues. By interfering with the flow of people and goods, it has forced populace, commerce and industry to decentralize.

Since it has become increasingly difficult (if not impossible) to provide sufficient highway and parking space for car-owners in downtown areas, and since it is essential to get people to and from work, and highly important for them to get into these areas for numerous other purposes, we must maintain mass-transit systems. These must be encouraged and aided by all of the forces of governing bodies and the public to serve passengers and to relieve the traffic problem (or emergency). There are many ways to promote greater use of mass transit, a few of which we shall deal with forthwith.

Barring Private Cars

One way to force greater use of mass transit to solve traffic problems would be to ban non-essential passenger cars from congested areas of the cities. This has quite a few supporters, notably leaders of the Transport Workers Union in New York. Another idea along this line, which has numerous advocates, would bar truck-trailers downtown during daylight hours. Any formal proposal to implement bans on cars and trucks would doubtless stir the ire of motorists and business interests. At least, no one yet has had the courage to attempt it.

Another proposal suggests the challenging theory that a transit company be authorized to collect a minimum charge simply for making its services available, as is done by gas, electric, telephone and other utility companies. The subsidy is proposed on the premise that a community should pay a minimum fee for the availability of public transport because such facilities are vital to the total economy of the community.

There has been quite a bit of interest in yet another plan—the suspended monorail transit system. The monorail, tested last month in Houston, features a coach suspended from an overhead rail and powered by two 305-horsepower engines. Except for its length, 970 feet, the Houston monorail is a full-scale system. The rail is a steel pipe 30 inches in diameter and is fastened to towers 30 feet high and 55 feet apart. At one end of the system, the rail inclines down to 10 feet, bringing the coach to ground level for taking on and discharging passengers. The monorail is not new, having been in operation in Wuppertal, Germany, for over a half-century, carrying almost a billion passengers without a single fatality. Operating costs of a monorail system are expected to be below those of any present form of public transport. In addition, while railroads must provide for grade crossings and the chance of tieing up rush-hour traffic, the monorail can run over the highways, with the towers as high as 100 feet, if need be.

Yet another idea—hardly unique—is to improve transit equipment and facilities. Public transit can't give the passenger the same comfort and door-to-door service provided by a private car under the best conditions. But with parking a major problem, door-to-door service is rarely available these days anyhow. Mass transit can offer greater speed in many instances and lower cost in almost all cases. Keeping transit facilities up to date entails spending large sums for rolling stock, signal systems and like facilities. The transit people also must seek to improve service and reduce costs by utilizing equip-

ment and methods now included under the general heading of automation. In this connection, many of the big cities, such as New York, are studying a passenger conveyor developed by Goodyear Tire & Rubber Co. and the Stephens-Adamson Manufacturing Co., companies which have solved numerous industrial-conveyor problems. One of these passenger conveyors will carry 16,000 passengers hourly in each direction. Of course, they are practical for only short distances, such as the four-block long underpass that links New York's Grand Central and Times Square stations.

Revival Appears Assured

Whether the solution to the headache of urban traffic congestion is to be found in the foregoing or some other idea (or combination of ideas), mass transit is bound to be revived. The waste and luxury of current conditions are bound to be short-lived. One need only stare hard at the pile-up and confusion that have resulted from what has been termed *motorolatry*—automobile worship. Realtors, who have a sizable stake in urban property values, believe that few people will want to live in, work

General Foods Corp., a leading processor, and its administrative employes have made the trek from New York City's teeming Grand Central area

in or even visit metropolitan centers unless private transportation is restricted. City after city has been forced to curtail curb parking, so that the day may not be distant when parking of cars will not be permitted on any street within a mile of the downtown district.

Revival, of course, will not save the millions of dollars lost by thousands of stockholders and bondholders who had a stake in traction companies. Hudson & Manhattan Railroad, which carries passengers only, has gone into bankruptcy. That railroad carries people between New York and Newark, hubs of swiftly growing areas. But heavily subsidized highways, bridges and tunnels (enjoying tax exemptions, including the issuance of tax-exempt securities) have drained off passengers—and the end is not in sight.

Hudson & Manhattan estimates the railroads in its area will lose some 15 million to 20 million passengers annually when another vehicular tunnel is opened in 1957. The trans-Hudson railroads have lost roughly half of their passengers over a 20-year span, largely to rubber-wheel conveyances using the highways, bridges and tunnels. Over that span, H. & M. boosted its fare for the ride between New York and Jersey City to 20 cents from 6 cents. It also has clung to 50-year-old rolling stock (original equipment, incidentally), yet it could not stave off bankruptcy.

On the basis of the H. & M. experience, it would seem that such devices as higher fares and nursing dilapidated facilities are not the answer.

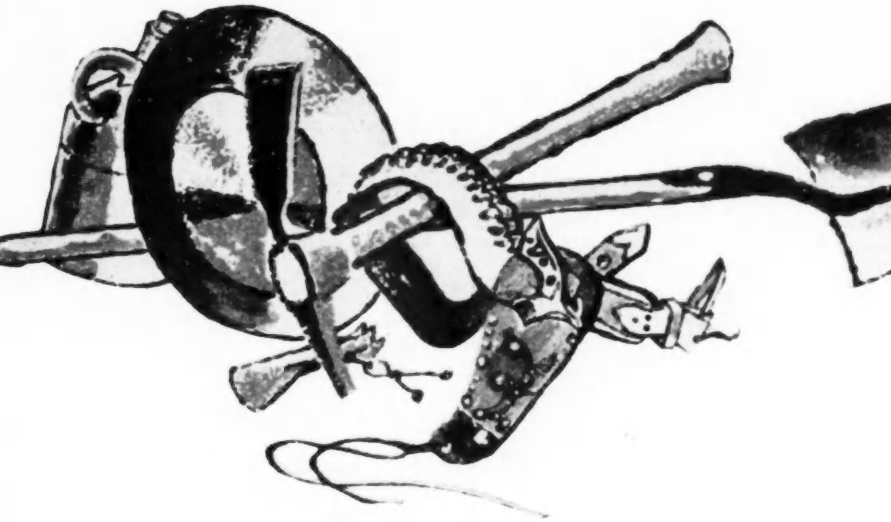
Mass-transit companies, the troubled transporters of urban dwellers, are struggling along in deeper difficulties than many of them knew in the depths of the depression. Just about every Class I railroad that has a commuter system has petitioned the Interstate Commerce Commission for permission to abandon one or more of these lines—they are chronic money-losers.

General prosperity, full employment and fatter paychecks only seem to aggravate the ills of the bus, street-car and commuter railroads. Riders, who dwindled from 19 billion annually in 1946 to 9.8 billion in 1954, were even fewer in 1955. At the middle of last year they were down another 9% to a level even lower than depression-ridden 1953.

All the same, the transit companies must contend

To these wide open spaces nestling in the hills of nearby Westchester County. Nearly all 1,200 employes followed the migration—happily.

with labor demands that are common in prosperous manufacturing industries. The situation was brought into focus recently by the strike against the Capital Transit Co. in the nation's capital. A long strike there to enforce wage demands left Washington without mass transit. Other communities across the country have seen their transit systems just disappear. In two years, 50 local bus systems folded up in New York State. (*Please turn to page* 54)



LATEST DEVELOPMENTS IN GOLD

By HOWARD NICHOLSON

Newspaper accounts of 'round the world developments concerning gold must at times seem confusing, if not contradictory, to the average layman. This is mainly so because many people interpreting news events about gold have an axe to grind. But even more appear to confuse the functions that gold performs in our modern society, and they seem to forget that the official price of gold is not set by a supply-demand relationship, but is established arbitrarily.

As a monetary metal, gold performs three functions. First, it is a standard of value; all other commodities are measured in terms of gold, or, more properly, in currencies whose value is fixed in terms of gold. Second, gold is a medium of exchange. Though but few gold coins are exchanged these days by private individuals in return for value received, huge quantities of gold bullion move between individual nations in the settlement of their claims against each other. The third function of gold is that of a store of value. In many countries, especially where rural banking is non-existent, such as in India, gold is by far the best and the most convenient store of one's savings. Gold has also been far and away the best protection against currency depreciation during war and postwar periods.

In addition, gold may also be regarded as a commodity, a metal that is widely used in the arts and industry, although the distinction between this use and hoarding has become blurred in this century of wars and upheavals. Nevertheless, according to the Bank for International Settlements in Basel, which annually prepares an exhaustive report on gold, the arts and industries of the Free World are estimated to use annually some $180 million worth of newly-mined gold plus most of the gold scrap that appears on the market.

As has already been pointed out, the official price of gold of $35 per ounce—at which central banks buy new gold (minus a small charge) or at which level international accounts are being settled—is an arbitrary one. It was not determined by any forces of supply and demand, but literally by a flip of a coin.

How to Frighten People

From the time of the Napoleonic wars until the days of the Great Depression, the price of gold was $20.67 per ounce, representing roughly the centuries-old price relationship of gold to silver, which fluctuated around the 1 to 14 ratio. However, in the spring of 1933, the New Deal Government of President F. D. Roosevelt fell for the theory of Professor George Warren of Cornell that the raising of the price of gold would result in "reflation," i.e., in an increase in commodity prices, then at disastrously low levels. So every day for several months the President met with his Secretary of the Treasury, Henry Morgenthau, Jr., and raised the Government's purchasing price for gold. This is how Henry Morgenthau, Jr. described the morning scenes in his diary (published in *Collier's*, Sept. 27-Nov. 1, 1947):

"Every morning Jesse Jones and I would meet with George Warren in the President's bedroom to set the price of gold for the day. Franklin Roosevelt would lie comfortably on his old-fashioned three-quarter mahogany bed. . . . On his right would be pads, pencils, cigarettes, his watch and a plate of fruit. Hearty and refreshed after a night's rest, he would eat his soft-boiled eggs while the three of us reported to him on the behavior of prices.

"The actual price on any given day made little difference. Our object was simply to keep the trend gradually upward, hoping that commodity prices

Table I: Production of Gold and Estimates of Hoarding and Gold Added to Official Reserves

(In millions of dollars)

	1940	1948	1951	1953	1954	1955
New Production:						
South Africa	490	405	403	418	463	511
Canada	185	124	154	142	153	153
United States	171	71	66	69	65	65
Australia & Oceania	77	41	41	46	46	47
Gold Coast	33	24	24	26	28	28
Rhodesia	29	18	17	18	19	19
All other Free Countries	310	122	135	145	136	142
Total New Gold	1,295	805	840	860	910	965
Sales by Russia:	—	—	—	75	50	125
Total New Supply:	1,295	805	840	935	960	1,090
Demand:						
Industries & Arts	—	170	140	170	180	200
Private Hoarding	—	255	550	335	140	50
Gold Added to Official Gold Reserves:	—	380	150	430	640	840

Source: Bank for Int. Settlements except for 1940 and 1955.

would follow. One day, when I must have come in more than usually worried about the state of the world, we were planning an increase from 19 to 22 cents. Roosevelt took one look at me and suggested a rise of 21 cents.

" 'It's a lucky number,' the President said with a laugh, 'because it's three times seven.' I noted in my diary at the time: 'If anybody ever knew how we really set the gold price through a combination of lucky numbers, etc., I think they would really be frightened.' "

The President and Henry M., Jr. stopped their gold price-raising game at $35 per ounce, which was about 70 per cent above the old gold price. Why they stopped at $35 instead of at $36 or $70 no one knows. However, because of the commanding position of the United States in the world economy, eventually all countries readjusted their currencies to the new price of gold.

The raising of the price of gold resulted in tremendous profits for the gold miners. South Africa had a boom. Gold production increased everywhere because the higher price permitted the working of leaner ores. By 1940, the Free World was producing some $1,300 million worth of gold annually, twice as much in volume as in 1929 and almost three times as much in value.

Demand for a New Increase in the Gold Price

However, the sharp rise in production costs during the postwar period more than caught up with the Roosevelt-Morgenthau arbitrary gold price increase in 1933-34. In South Africa, for example, production costs more than doubled, from 19 sh. per ton of milled ore in 1940 to 39 sh. in 1955. Except where producers were able to switch to richer ores, many gold mines had to be abandoned as unprofitable. In the United States, where gold mines used to produce about $170 million worth of yellow metal before the war, output has dropped to an annual level of about $65 million in recent years. As for world output of gold, it declined below the $800 million level during the 1946-51 period.

Under the circumstances, it is natural for gold producers everywhere to demand higher gold prices. Gold shares have been rather dull except for shares of those South African gold-mining companies that are also producing uranium. The shares of the companies operating in the new Orange Free State and Far West Rand goldfields are also fluctuating, largely because these fields are full of surprises as to the gold content of the gold-bearing reef.

To justify their demand for higher gold prices, the gold miners have been using all kinds of arguments. The standard one is that there is not enough gold being produced to satisfy the world's monetary requirements. Deposits and currency in circulation are claimed to be increasing faster than the gold reserves required as their legal coverage. What adds to the general confusion in the layman's mind is that this argument is being supported by many non-gold producers. Many of them are farmers who would like to see higher prices for their products; they still believe in the magic of the old Warren formula that a higher price for gold brings higher prices in general. The British, too, would like to see higher gold prices for two reasons: (1) as the world's largest producer of gold, the sterling area would tend to earn more dollars, and (2) many British believe that the upvaluation of the existing monetary gold stocks would permit credit expansion and the freer flow of international trade.

Now that the Free World is booming and credit is expanding altogether too fast, the gold producers and their allies have reversed their argument. They are now saying: let's raise the price of gold and stimulate gold production so that the Free World can return to the pre-World War I gold coin standard. If there is too much purchasing power and if equities have gone up too high, let's give people a

Table II: Gold Prices — Equivalent Per Ounce

(Prices converted at free exchange rates)

End of	Paris Bars	Paris Sovereigns	Milan Bars	Athens Sovereigns	Tangier Sovereigns	Bayruth Sovereigns	Hongkong Bars
1948	$49.5	$60.7	$47.7	$69.3	$ —	$55.9	$48.8
1950	43.1	54.6	41.4	59.0	—	49.1	44.5
1951	41.4	51.2	40.3	56.7	51.6	50.3	42.7
1953	35.6	40.6	35.8	45.2	40.3	40.7	37.3
1954	35.6	38.1	35.7	43.4	38.3	39.6	38.2
1955							
Mar.	36.0	39.4	35.5	43.4	40.2	39.4	38.0
June	35.9	39.8	35.4	43.0	37.2	39.0	38.0
Sept.	36.1	41.4	35.3	43.6	39.3	39.9	38.0
Dec.	35.9	41.7	35.2	45.0	41.4	41.4	38.1
1956							
Jan.	36.2	43.1	35.2	—	41.9	41.9	38.0
Feb.	36.0	43.0	—	—	—	—	—

chance to invest in gold.

Actually, one country has already followed this advice. A few months ago, Switzerland began to coin and sell 20-franc gold pieces to anybody, no questions asked; the object has been to absorb surplus funds so that the Swiss central bank can establish more effective control over the local money market. In the United States, many prominent economists and financiers argue for the re-establishment of the gold coin standard as an assurance of sound money and the best protection from money-debasers. However, the gold coin standard does not make efficient use of gold. Whatever happens, this country may be nearer to allowing private ownership of gold now than it has been since President Roosevelt and Henry M., Jr. took the United States "off gold" in 1933 and began their now famous gold price-raising game.

Expanding Gold Production

While gold producers are warning about "the impending shortage of monetary gold," the bankers themselves are not worried. In the first place, they say, there is nothing sacrosanct about gold cover requirements in respect to deposit and currency liabilities. The ratios can be changed legally, if necessary, without destroying confidence in the stability of a currency. Besides, many countries, as the Philippines, for example, have learned to use dollars instead of gold as the required cover.

Table III: U. S. Gold Reserve and Claims Against It

(Billions of Dollars)

	Dec. 1953	Dec. 1954	Dec. 1955
U. S. gold reserve	22.1	21.8	21.8
Foreign claims on the United States	11.6	12.9	13.6
Less: Claims of Int. Institutions	1.6	1.8	1.9
U. S. claims on foreigners	.9	1.4	1.5
	9.1	9.7	10.2
Required domestic reserves against notes and deposits	12.2	11.8	12.0

Gold output, too, has been increasing in the last three years. The 1955 gold production at $965 million was the largest since the record year 1940. Even more interesting is the fact that almost all of the increase has been taking place in South Africa, where gold producers have been among the most vociferous in demanding higher gold prices. The rise in South African gold output has been due to two developments. First, uranium has become an important and lucrative by-product that keeps the older mines in business. Second, two new fields are coming into production; the already-mentioned Orange Free State and the Far West Rand goldfields. South African gold output is to expand from the present $511 million level to $650 million over the next few years.

Decline in Gold Hoarding; Gold Prices

Another encouraging development from the banker's point of view has been the sharp decline in gold hoarding all over the Free World. Gold hoarding and gold prices are probably as nearly perfect clues to the international political climate and to the return of confidence in currencies as one may hope for. In 1951, when the conflict in Korea threatened to deteriorate into a Third World War, something like two-thirds of all newly-mined gold, or about $550 million worth, disappeared into private holdings. (see Table I). There was also considerable firming in gold prices, with bar gold in France and Belgium averaging over $41 per ounce, and gold sovereigns in Paris and Tangier selling at the equivalent of about $52 per ounce. However, gold prices were then lower than during the early postwar years when currencies were depreciating rapidly.

In 1955, the year of the "Summit Conference" in Geneva, the fear of another world conflagration subsided, and so did private demand for gold. In fact, during the early summer months of 1955, more gold was coming out of private hoards than going into them. This was especially true in France, where the public is reportedly holding almost one half of the world's hoarded gold, estimated by the Bank for the International Settlements at about $11 billion.

Meanwhile, gold prices have been coming down sharply, and this despite the fact that regulations regarding the private ownership of gold have been liberalized. During the late summer months last year, bar gold in most Western European markets dropped below $36 per ounce, but it stayed around $38 per ounce in Hongkong. Gold sovereigns in Paris (see table II) were brought down to less than $40 per ounce (equivalent). In Bombay and Karachi, however, bar gold continues well above $50 per ounce. This is due to the fact that both India and Pakistan rather severely limit imports of outside gold into local markets. Besides, the two Governments want to discourage gold hoarding so as to attract savings into new rural banks instead.

At present only the United States, Great Britain, Scandinavia, and about half a dozen other countries do not permit their nationals to hold pure gold legally. In the rest of the world, including Canada, France, Belgium, Switzerland, and most of Asia and Latin America, including Puerto Rico, private individuals can buy as much gold as they want for stowing away.

However, during the early fall months last year, political crises at home and mounting troubles in North Africa frightened the average Frenchman into buying gold and hiding it once more in mattresses. Similarly, growing tensions stimulated gold hoarding in the Middle East. While bar gold prices have advanced little in some markets, gold sovereigns in Paris are again selling at the equivalent of $44 per ounce.

Soviet Gold Sales and Trade Drive

Soviet sales of gold are also likely to figure in the future as a potential source of yellow metal for the building up of the West's monetary reserves. In 1955, the Russians shipped and sold about $125 million worth of gold in various European and Middle Eastern markets. If they are really serious about engaging in an economic struggle with the West over the non-committed and under-developed countries, they will have to ship much more gold. They will have to increase their imports from these countries far beyond what they have been importing now and even be ready to give them gold credits—as they have given to the individual satellite countries.

From all indications, the Russians have enough gold to do all this and to give the West a run for its money. According to a German economic research organization in Duesseldorf, which has made an extensive study of the sub- (*Please turn to page* 56)

AN APPRAISAL OF BACKLOGS

By L. A. LUKENS

Several important industries are currently fortified by unusually large backlogs of orders. This accumulation of orders, reflecting unfilled customers' wants, reinforces the financial health of those companies. They have a comfortable cushion to fall back on, if business should slip off later this year.

At the same time, other industries not only do not enjoy such a backlog, but in some cases they have drawn upon their future prospects either by overselling their markets in 1955 or in the early months of this year, or by accumulating inventories of finished goods. An inventory accumulation is the reverse of an order backlog. The auto industry is a case in point. For by producing over 7.9 million cars last year, the industry not only drew somewhat upon its prospects for 1956, but last year's over-production has led to an insurrection of auto dealers, and to a Congressional investigation. The dealer discontent has forced the factories to grant costly concessions to distributors, with a view to improving dealer morale and avoiding corrective legislation. These concessions, including such items as free insurance, assumption of advertising costs, yearend bonuses, etc., will adversely affect auto-company profits through the 1956 model year, and on into 1957, unless prices of cars are raised sufficiently to offset this factor.

Subject to Cancellation

A backlog does not necessarily guarantee that a company will be able to sustain its operations at a high level, but it is usually a good sign that it can do so.

Some backlogs can disappear like snow in a hot sun, when a general depression makes its appearance. At such a time, customers cancel not only the extra orders that have been placed with several suppliers as "insurance" to guard against a shortage, but they also reappraise their own prospects and begin to reduce inventories.

Some orders are firm and cannot be cancelled, without penalties or lawsuits. This is particularly true in the machinery field, where equipment is built to a customer's specifications and where a cancellation would mean a heavy loss to the machinery builder. Electrical equipment companies making generators for utility companies and makers of rolling mills for metal industries usually do not have to worry about cancellations. Their orders can be regarded as solid.

But in the steel industry, and in many other raw-materials fields, orders are subject to cancellation before they are filled. On many occasions in the past, the steel industry has run the gamut from shortages and huge backlogs to an over-supply and reduced operations, within a period of three to six months. On such occasions, a wave of order cancellations has usually speeded the transition. Hence, steel backlogs must be appraised against the backlog of customer inventories, possible strikes and future requirements.

Looking ahead in 1956, here are the industries which appear to be possessing comfortable backlogs:

Railroad Equipment: Freight car builders have orders on hand for nearly 150,000 cars—enough for three years' output at current production levels. Freight car construction, however, is being artificially held back by low allocations of steel plate, and if such allocations were stepped up the freight car builders could double their current output within a few months. If general business conditions were to deteriorate and carloadings were to decline, it is possible that the railroads would cancel some of the

orders that they have placed. But the failure of the railroads to maintain and repair rolling stock generally assures the freight car builders good business for a few years.

Machine Tools: Backlogs held by the machine-tool makers have been steadily increasing during the last year. In January, 1955, unfilled orders were equal to only 3.7 months output at the production rate then being maintained by the industry. During the first nine months of 1955, backlogs slowly rose. But beginning in October, a big wave of new orders began to be placed. Within four months, over $500 millions of additional orders had been placed, or more than 50% of the total of $967 million placed in the 12 months of last year. As a result, unfilled orders are now equal to 8½ months production, at currently increased rates of output. This has aided such companies as Warner & Swasey, National Acme, Bullard and Cincinnati Milling Machine Co. The industry, however, is not rushing to expand its capacity by adding second shifts or by working long overtime hours at premium pay. Such methods would merely raise production costs and would reduce profit margins. However, if incoming orders continue to exceed production and the backlog gets to the one-year level, it is likely that measures will be taken to boost output. Much of the equipment ordered is built to customer specifications and is not subject to cancellation.

Electrical Equipment: The capital goods boom that got under way early in 1955 is exemplified by the upturn in power generating and transmission equipment. Until January, 1955, backlogs of such equipment had steadily worked down, until the electrical-equipment companies were faced by prospects of a letdown in their operations. At that point, price-cutting on such equipment, coupled with improved prospects for the utility companies resulted in large orders being placed. During the rest of 1955 the backlog steadily rose and today, major makers of generators such as General Electric, Babcock & Wilcox, Allis-Chalmers and Westinghouse Electric have orders equal to well over a year's output. Prices quoted on such equipment have improved in recent months.

Steel Mill Equipment: The current 15-million-ton expansion program of the steel business means assured good business for makers of rolling mills, blast furnaces, open hearths and similar equipment. Such equipment is custom-tailored and is not subject to cancellation. It is estimated that the steel industry will spend $3.6 billion at least during the next three years, and of this amount, about $1.6 billion will be spent in 1956 alone. Backlogs of companies such as Mesta Machine, United Engineering & Foundry, Aetna-Standard Engineering and the steel-mill-equipment divisions of Koppers Co. and Blaw-Knox have risen to over a year's output. Koppers had a backlog of $127 million last December 31st, and has enlarged the backlog further. Looking ahead beyond this three-year period, it appears that such capital-goods industries will continue to enjoy good business. For the steel industry expects to have to expand its capacity by 50% over the next 15 years. This would mean an increase of 65 million tons of ingot capacity and would involve the investment of $20 billion to $30 billion, part of which should be derived from higher prices for its products.

General Industrial Equipment: Makers of petroleum-producing and refining equipment generally have excellent backlogs, reflecting the big expansion programs of the oil industry. This includes such companies as Dresser Industries and National Supply. Producers of materials-handling equipment, including lift trucks, also have good backlogs. They include Clark Equipment, Towmotor and Yale & Towne. Mining-machinery producers like Joy Manufacturing have large orders. (*Please turn to page* 40)

Order Backlog Trends For 21 Companies

	1954 Backlog (Millions)	1954 Sales (Millions)	1955 Backlog (Millions)	1955 Sales (Millions)	1954 Earnings Per Share	1954 Div. Per Share	1955 Earnings Per Share	1955 Div. Per Share	Price Range 1955-1956	Recent Price	Div. Yield*
Allis-Chalmers	$124.0	$492.9	$157.0	$535.0	$7.20	$4.00	$6.05	$4.00	81⅛-61¼	75	5.3%
American Mach. & Metals	8.7	34.5	17.5	34.0	4.51	1.00[1]	4.96	1.00[1]	41⅜-27½	39	2.5
American Steel Fdry.	12.5	89.0	45.0	80.6	3.05	2.50	3.17	2.10	44¼-29⅝	43½	4.8
Babcock & Wilcox	129.4	250.4	213.4	233.2	9.31	2.00[1]	7.86	2.75[1]	123 -66	117	2.3
Bath Iron Works	75.3	44.3	86.5	42.7	5.51	2.00	6.19	2.60	72¾-33½	52	5.0
Beech Aircraft	80.0	78.0	76.2	76.9	4.52	1.25	4.79	1.20[1]	30 -20⅛	22	5.4
Bendix Aviation	497.0	607.7	480.0	567.2	5.62	2.00[1]	5.66	2.10[1]	59½-45	57	3.6
Boeing Airplane	2,131.0	1,022.6	2,624.0	853.8	9.85	3.00	9.33	3.25	88½-54⅝	77	4.2
Bullard Co.	11.6	50.1	23.0	30.2	6.61	4.00[1]	(d) 1.41	1.00[2]	47⅞-27⅛	33	—
Carrier Corp.	47.0	200.9	67.0	190.0	4.84	2.00	4.82	2.35	64¾-48⅛	57	4.1
Cinn. Milling Mach.	40.0	110.4	90.0	—	5.37	2.00	2.46	1.52	45 -36½	45	3.3
Curtiss-Wright	771.7	475.0	849.0	508.7	2.50	1.00	4.75	1.75	33 -15¾	32	5.4
Douglas Aircraft	2,035.0	915.2	2,308.0	867.5	9.80	4.33	7.65	4.00	93¾-62¼	83	4.8
Foster Wheeler	93.8	138.5	166.6	90.0	6.16	.70	2.19	1.60	50 -29½	40	4.0
Lockheed Aircraft	1,190.5	732.8	1,218.9	673.5	7.94	2.85[1]	6.12	3.00[1]	64¼-40⅜	49	6.1
Mesta Machine	29.6	—	91.4	—	5.38	2.50	3.65	3.00	52¼-39	52	5.7
North Amer. Aviation	1,200.0	645.8	1,650.0	816.6	6.46	2.75	9.42	4.50	92¼-47¼	84	5.3
Northrop Aircraft	430.0	171.5	324.0	283.4	2.62	1.05[1]	7.89	1.60	39¾-22⅝	27	5.9
Rohr Aircraft	150.0	101.6	165.0	82.4	3.90	1.00[1]	3.63	1.20	35 -21	24	5.0
United Aircraft	1,375.0	654.2	1,400.0	697.9	5.11	2.33[3]	6.14	2.75	74¼-48¼	71	3.8
York Corp.	18.2	93.2	34.0	82.7	1.72	1.25	2.12	1.20	27⅞-19	24	5.0

*—Based on 1955 dividend.
(d)—Deficit.
[1]—Plus stock.
[2]—No div. action 8/24/55; $.20 Qu. div. declared 2/22/56.
[3]—Plus 1/3 sh. Chance Vought Aircraft.

Inside Washington

By "VERITAS"

LABOR has called it quits on attempts to get a legislative program through the current session of Congress. Appointment of James M. Brewbaker as general counsel of the House Labor Committee has written finis to the 1956 drive on Capitol Hill. Brewbaker, until recently, was a top executive of the National Association of Manufacturers. He was appointed by Rep. Graham Barden, North Carolina Democrat, who is chairman of the committee. Barden is called No. 1 Enemy of Organized Labor by some union chiefs. But the Brewbaker appointment was a welcome escape for union lobbyists who were getting no encouragement from Congress, now have an excuse for their failure.

FARM BILL enactment with flexible price supports continued on most commodities failed to produce the farm-belt fireworks that had been forecast. The lobby for rigid supports already had been vociferously active. It had spent its time and money, and the "march on Washington" already had taken place. But it was felt here that a new outcry would be borne on a revitalized protest. It didn't materialize.

SUPERMARKET methods are about to be introduced to Rome by United States food processors and distributors who believe the Trade Fair Exhibit in Italy, June 17-24, may open new export markets for branded goods. More than 5,000 representative lines of American goods will be displayed in the supermarket which will be constructed with 10,000 square feet of floor space. Europeans will find 14 stores combined in one. The U. S. Government will supply the space and a food chain-store organization will stock displays.

WITHDRAWAL of this country from the International Labor Organization again is a live topic. Numerically, the Communists are not strong in ILO, but there are proofs that ideologically they carry considerable weight. There are 71 member countries. Russia has exercised its automatic right to join. The voting strength of the eight Communist countries is 32 votes out of 284 total. Still, management is worried; not because of specific actions taken, but because of the "threat." But Congress may vote to stay in, claiming it's inconsistent to remain in UN but refuse to mingle with Reds in ILO.

WASHINGTON SEES:

Evidences are accumulating that dumping Nixon from the Republican national ticket would be neither as simple nor as politically wise as some of the young Vice-President's foes appear to think.

The 15,000 write-in votes in New Hampshire's preferential primary would be interpreted only by the naive as a spontaneous expression. Of course, it was engineered. But the fact remains that the existence of a campaign in Nixon's behalf was hardly known outside the state, and its managers were flabbergasted by the total. If it isn't a mandate, it's the closest thing to one the Republicans have had.

Nixon is controversial. To some extent, he has himself to blame for it. Yet it is odd that the G.O.P. is weighing the question whether he might be a liability to Ike almost solely on the testimony adduced by Democrats, who wouldn't support the ticket anyway. The most valid aspect of their charge is that the Vice-President is extravagant and reckless in use of such words of deep opprobrium as "treason" and "traitor."

It has been denied that he called Truman a "traitor." As to the rest, there has been no open contest, no producing of the complained-about manuscripts. It appears that his party is not interested in helping him!

Nixon may not have the Democrats, but he appears to have the Republicans. The Republicans who count politically, too: the state and country chairmen, and the fund-raisers whose calls for aid he answered with personal appearances. And, of course, he blasted Democrats; that's what he came for. But he served the people who will be convention delegates, or will pick them!

As We Go To Press

Best answer to Ike's opposition cry of "part-time President" is a closeup of current day-to-day performance. The G.O.P. isn't worried about it, apparently, although it seems to be displacing other lines of attack in point of words and space. The regimen Ike was following when he made his announcement removed the job from likelihood that it ever could be operated on a sideline basis. The Republican National Committee is taunting the Democrats to come right out and say what the President doesn't do that should be done by him. So far, no reply.

Ike's friends are asking if ever there was a peacetime period when the White House carried a work load comparable to that which Mr. Eisenhower is handling — without the "frills."

The economic plight of the farmer is not immediately cured by enactment of farm legislation. It is for the most part an "outside measure," in that it didn't have its inception with the farm groups, was lobbied against by many of their more powerful organizations.

Certainly, not all the Congressmen who voted for it are convinced it will turn the trick; many of them know only that the law it displaced didn't. The job of "educating" the farm belt to accept promises predicated on sound economic bases, isn't an easy one. It would be tough for any President. It's tougher for a President who is a candidate for re-election, on the ticket of a party which usually fares well vote-wise from the farm states.

The President announced for re-election with awareness of that job ahead. The implication is that he's ready for it, as an office-seeker and as one of the major architects of the law. Closely akin to the political aspects of that job, is the general rejuvenation of the Republican party. That's for Ike, too; and it isn't a chore for one who intends to, or must, duck controversy. It is hardly to be suggested that the new farm bill has other than political loss for the Republicans as of this moment. Whether it can be offset before Election Day is another question. But it has given Mr. Eisenhower a farm vote problem to cope with, aside from the problem of farm economy. And it has given him another job requiring personal attention.

From the viewpoint of election prospects, Ike and the Republican party are inseparable. All polls show Republicans weaker in the Congressional Districts than they were two years ago. For some of them, this doesn't mean a thing; their margin of victory could stand a substantial slump. For others, it means defeat. Overall, if the polls are borne out, it means Mr. Eisenhower could be elected and have both Houses of Congress in Democratic hands. So it is up to the President to say what the ticket is to be.

If he wants Nixon it will be Nixon on the first ballot -- and it will mean that organized labor will raise added millions to defeat him. The decision being in Mr. Eisenhower's hands, that adds one more problem. He had known this before his announcement; knew this was something that couldn't be delegated. And he took it on. Most attractive bait is being dangled before the Californian: he's being told his age is against him and that he may have been a little too general, a little too rough, in his campaigning; that he could be a cinch for the 1960 Presidential nomination. Vice-Presidents, he's told, have seldom been nominated for No. 1 spot, but four years in the Cabinet would give him maturity.

On the world front, the job today is not for a man who considers himself unable to give full time: the Middle East, to be trite, is a powder keg. America's strongest ties are to Britain and she is in bad way in the steaming Middle East. Neither the Republicans nor the Democrats have what it takes to bring influence for peace on the nations who feel it must be war. But President Eisenhower has. He has

that influence as an individual; it's applicable only by him. And it must be assumed that he knew that was his job, personally to do, when he announced.

Coupled with international tensions, which brink on shooting war, is the cold war with Communism. Its more dangerous side is the arms race. If this country is to end or even diminish the process of speeding to obliteration, it appears that Ike must do the job. Personally. It wouldn't be suggested that Nixon could be effective in this area, even speaking with the authority of the Vice-Presidency. Through the International Labor Organization and other devices, Nixon is a marked man laden down with Labor's dislike. And the State Department, plus the foreign affairs committees of both houses, can't make a dent in the Kremlin's front. They want to do business with Ike, nobody else. Obviously there can be no delegating of this function. Mr. Eisenhower was aware of this when he announced.

Every shift in the political winds invites re-appraisal of Eisenhower-the-President. Among the facets to be looked over is his relationship with the legislative branch. It must be in good order, judged by action on the farm vote. The lines held on the Republican side, and there were many conversions from across the aisle. This was the first major issue in which the Democrats had opportunity to use their votes against Eisenhower-the-Candidate. The President fared better than even he expected.

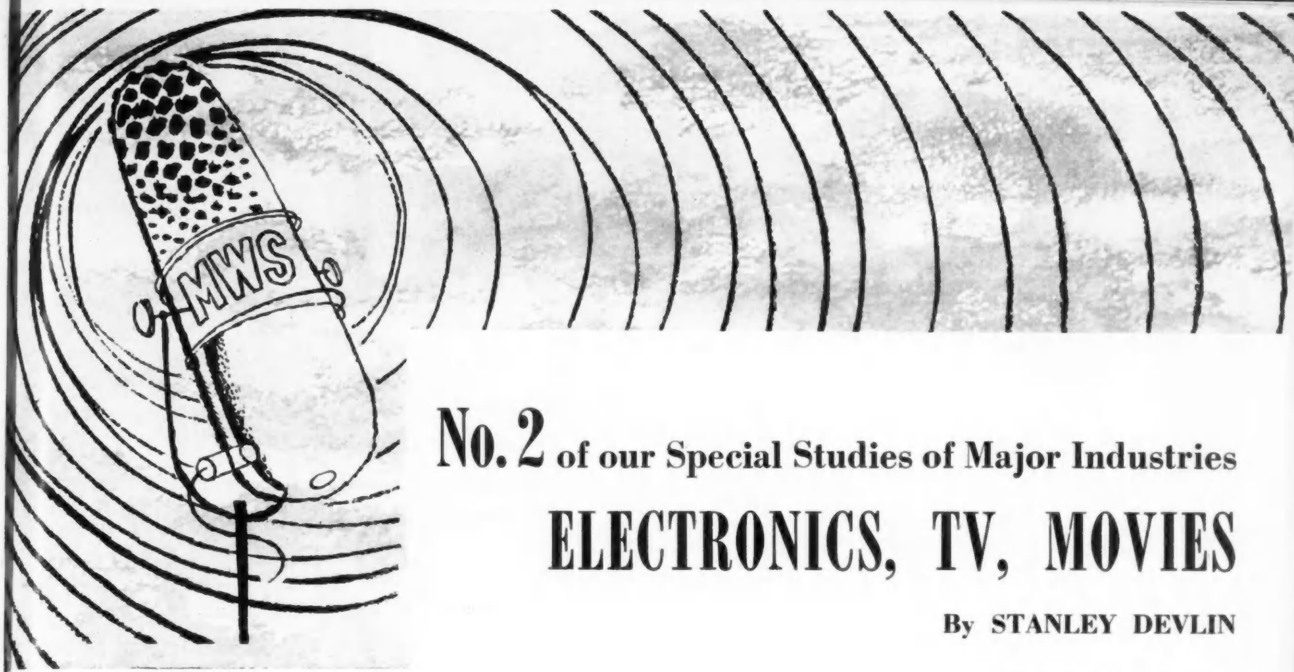
But the policy and money bills are still to come up. That means the President must cultivate and preserve Capitol Hill relations. His candidacy may increase the difficulty of that chore. In any event, he must be in there pitching at all times. The job of "getting along with Congress" never was more important, or harder. Another job, by the way, the President must have weighed with the knowledge he couldn't delegate it.

In normal times, a President could tell Congress to relegate the lobby investigating row to its proper secondary spot and get on with the business of legislation. But not this year! If he were to make such a suggestion now, it would promptly be picked up and proclaimed as evidence of something to hide. Even an oblique reference to the wisdom of putting things in the order of their importance would be dangerous. So the President must mark time while a study foreordained to futility makes for wasteful distraction and disharmony.

Legislatively, the second-term announcement was a shot-in-the-arm to Capitol Hill Republicans. Ike's stress upon the awareness that he has a health problem hanging over him has put the GOP Congressmen on notice that they are expected to pull a heavier oar than normally. They must present the Republican party in the light of uncommon legislative strength as an offset to suggestions that there is executive physical frailty. And there's concern over the President's second statement -- that he would quit the race if he learned his health was slipping. It has put the legislators on their toes. They realize it's conceivable that the coat-tails won't be there.

By withdrawing the inspection and control phases of disarmament, the State Department is believed to have advanced relations with Russia substantially. In any event, it has placed the Reds on the defensive. They built inspection into an insuperable stumbling block. Now that it's removed they must either advance amicably or go through the motions of stumbling around for a new "nyet." The President's letter to Bulganin would outlaw nuclear weapons production except in a narrow range, with suitable and satisfactory safeguards. Of course, this country will not agree to any disarmament which does not provide for survey of existing supplies and facilities, of production, of lethal weapons. The United States doesn't propose to have the Soviet "disarm" down to world leadership, then stop.

Assuming Interior Secretary Douglas McKay wins the Republican nomination, the Oregon Senatorial race will become one of November's most interesting. And the campaign will be the sounding board of conflicting political and partisan ideologies which might well affect elections in other states. Secretary McKay was a popular Governor and a powerhouse of vote-getting. Senator Wayne Morse also is a tower of strength in this department. Elected as a Republican, he bolted to the Democrats and they find him acceptable as their nominee.



No. 2 of our Special Studies of Major Industries

ELECTRONICS, TV, MOVIES

By STANLEY DEVLIN

Encyclopædia Britannica requires about four pages to tell the story of the electron. Much of the text is intelligible only to physicists.

It is customary to consider that it was introduced during the last half of the final decade of the preceding century. Yet to choose any particular year, or even decade, for the introduction of this idea is to sacrifice accuracy, for, in general, advances in science do not take place at any given time. It is as difficult to determine when a particular conception arises as it is to fix the instant at which a babe acquires consciousness. The progress of science takes place, for the most part, by a process of infinitesimal accretion, says Britannica. It is a process of growth, each experimenter adding a bit to the structure reared by his predecessors.

Statement for THE MAGAZINE OF WALL STREET

By DR. M. J. KELLY, President

of Bell Telephone Laboratories, Inc.

We are approaching an age of electronic miracles and in the next few decades will witness some of the most exciting advances in this new science.

The transistor is destined to be the giant of the electronic age. It will have far-reaching effects not only in telephony but in almost every area of industry, business and military weaponry. Invented only a few years ago at Bell Laboratories, the transistor is one of those big breakthroughs in science.

Television transmission between continents over transistorized submarine cable, powerful radio transmitters no bigger than wristwatches, and electronic telephone switching centers about a fifth the size of today's electromechanical systems are among the revolutionary advances the transistor will make possible in communications.

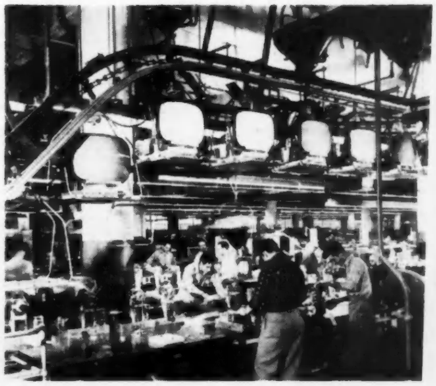
Business procedures, too, will be revolutionized. In the future, large-scale solid-state computers will automatically control an increasing amount of the routine and monotonous operations of office and factory. There is probably no area of production where automation by means of digital computers will not provide economies.

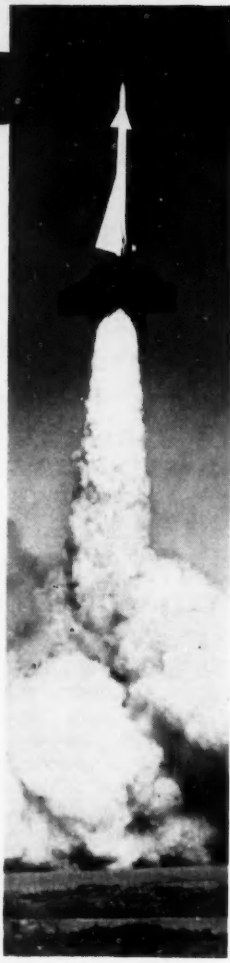
These advances will not come overnight but as a hard-earned, step-by-step evolution. The new electronic systems bring business and industry to threshold of an exciting era of development.

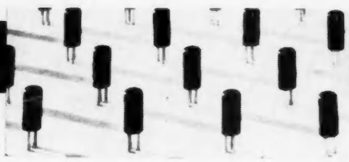
Electronics has been described also as a science in which progress is born of change. Sales for this burgeoning industry now tote up to about $11 billion per annum. It embraces 2,550 manufacturers and 3,730 broadcasters, providing employment for more than 3 million people.

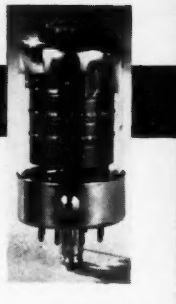
On Wide Front

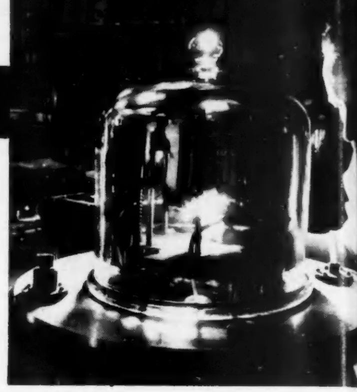
The electronics field now bulks large among our major industries, providing entertainment through such media as television, radio, motion pictures and tape-recorders, and serving industry and the nation's defense over an area that is constantly growing in scope. Unlike the automotive, the textile, steel and











More than 3 million people and 2,550 manufacturers turn out the most exciting advances in this new science. They create whole new industries.

construction industries, as examples, electronics ranges over hundreds of fields and the product mix is so varied that it is difficult to find two companies that look alike. It is no wonder that the General Electric Co., one of the giants of this industry which includes more than 6,000 enterprises, proclaims: "Progress is our most important product."

Serving the Armed Forces

Every branch of the military is dependent on electronics in a civilization that must live with the threat of push-button warfare. Guided missiles, detection devices, a vast range of airborne communications and inter - communications equipment are but a few of the electronics products that are highly essential to the military establishment. Of the $11 billion annual "handle" of the electronics producers, about one-fourth is derived from production of military products. Radio Corp. of America, which did a business in excess of a bilion dollars last year, found that the armed forces accounted for nearly 22% of the total. The company went into the new year with a backlog of Government orders amounting to about $235 million.

Obviously, in the current state of world affairs, there is to be no letdown in the state of military preparedness, hence military products are certain to continue to be an important underpinning of the industry. The guided-missiles field, in which just about every sizable electronics producer has an interest, already is aproaching billion-dollar status. Although it has been growing by leaps and bounds, there are innumerable Government officials who feel that guided-missiles production should be on a seven-day basis.

Be that as it may, the budget of President Eisenhower has not neglected this vital facet of the nation's defenses. For procurement of guided missiles, the budget proposed record expenditures—one-third above the previous year and double the prior year. The new estimate is for the expenditure of $1.27 billion. Nor is that all, for there is much that is secret in any defense budget. Under the figure "Other Procurement" there is an item of $2.65 billion, a substantial portion of which will, no doubt, be expended for electronics equipment and similar products essential to the manufacture of missiles, which often are as finely machined as a precision watch.

All in all, prospects for the next few years are that rising emphasis will be placed on "unmanned birds," which will replace a considerable number of piloted airplanes, and multi-billion-dollar spending for a continental warning system, to protect us from the other fellow's missiles.

Fortunately, the United States is in a strong position to carry forward this vital work. That strength rests in the laboratories of our producers of electronics equipment plus the aircraft industry facilities.

Among the electronics giants that are playing a vital role in electronics for defense are American Telephone & Telegraph, General Dynamics, GE, RCA, Raytheon Manufacturing and Sperry Rand.

American Telephone, its Western Electric, the manufacturing subsidiary, and its Bell Laboratories,

Comprehensive Statistics Comparing the

Figures are in million dollars, except where otherwise stated.	Bendix Aviation	General Electric
CAPITALIZATION:		
Long Term Debt (Stated Value)	—	—
Preferred Stocks (Stated Value)	—	—
Number of Common Shares Outst. (000)	4,570	86,875
Total Capitalization	$ 22.8	$ 434.3
INCOME ACCOUNT: For Fiscal Year Ended	9/30/55	12/31/55
Net Sales	$567.2	$3,095.3
Deprec. Depletion, Amort., etc.	$ 7.5	$ 90.9
Income Taxes	$ 32.8	$ 168.0
Interest Charges, etc.	—	—
Balance for Common	$ 25.8	$ 200.9
Operating Margin	10.2%	10.9%
Net Profit Margin	4.5%	6.4%
Percent Earned on Invested Capital	15.7%	18.8%
Earned per Common Share*	$ 5.66	$ 2.32
BALANCE SHEET: Fiscal Year Ended	9/30/55	12/31/55
Cash and Marketable Securities	$ 32.2	$ 116.1
Inventories, Net	$103.9	$ 472.3
Receivables, Net	$ 83.9	$ 444.3
Current Assets	$220.1	$ 829.2
Current Liabilities	$109.0	$ 540.9
Working Capital	$111.1	$ 288.3
Fixed Assets, Net	$ 49.4	$ 584.7
Total Assets	$278.0	$1,727.5
Cash Assets per Share	$ 7.06	$ 1.33
Current Ratio (C. A. to C. L.)	2.0	1.5
Inventories as Percent of Sales	18.3%	15.2%
Inventories as Percent of Current Assets	47.2%	56.9%
Total Surplus	$141.0	$ 634.4

*—Data on dividend, current price of stock and yields in supplementary table on Page 22.

the research division, are to the fore in this Government's frantic race to produce the finest guided missiles and electronic weapon systems. Among these is Nike, the remarkable anti-aircraft guided missile system developed by Bell Lab in collaboration with Douglas Aircraft Co., Inc.

A. T. & T. also has the stellar role on yet another defense front. The Federal Communications Commission has authorized the company to start work on the Air Force's Semi-Automatic Ground Environment project. The contract will amount to some $2.4 bililon over a 10-year period. The Air Force plans call for a gradual switchover from manual operation of radar stations that guard United States borders to "semi-automatic ground equipment," better known as S. A. G. E.

The telephone companies around the country are to install special circuits to feed information from the radar that picks up the planes to control centers and back to strategically situated fighter planes, anti-aircraft guns or guided-missile launching stations. When the vast setup is completed, the Air Force estimates, it will cost as much as $240 million annually to operate. The equipment will be financed, built and installed by the telephone companies, which will lease it to the Air Force.

Serving Business

Old-line producers of computing machines and general business equipment also have moved into the electronics field and, inevitably, on to defense supply. A typical instance is the work of National Cash Register Co., which turns out such items as bombing navigational computers.

Indeed, the application of electronics to record-keeping is a milestone in the history of the office-equipment field. It also is the greatest challenge ever faced by makers of record-keeping equipment. Electronics first attracted attention in that industry as a result of many spectacular achievements of the early "giant brains" on scientific applications. The speed achieved in processing scientific data was fantastic.

Many expected that comparable results would soon be available on commercial applications. However, such expectations did not take into consideration the great difference between what is required of a commercial electronic system and one designed for scientific use. Anticipation, it would seem, has run somewhat ahead of actual progress.

There are many points of difference between the demands made upon a scientific computer and those which a commercial computer must meet. A scientific computer is designed to do a great deal of arithmetical computation on one problem. A problem can be introduced into the computer quickly because comparatively few figures are involved. The final answer to be taken out is relatively brief. Speed of input and output is a secondary consideration. Conditions on a commercial application are diametrically opposite. Here we have relatively little computation, but thousands of items to process instead of one. This condition not only demands a computer of different design, but places new emphasis on the importance of input and output devices.

Just the same, important progress has been made. The electronic computer has moved beyond the laboratory to serve a wide range of industry. But the

Position of Leading TV & Electronic Companies

Int. Business Machines	Magnavox	Minneapolis Honeywell Regulator	Motorola	National Cash Register	Philco Corp.	Radio Corp. of America	Raytheon Mfg.	Sylvania Electric	Underwood Corp.
$295.0	$ 2.8	$ 19.0	$ 9.5	$ 48.5	$ 15.0	$ 250.0	$ 6.3	$ 38.5	$ 9.5
—	—	$ 16.0	—	—	$ 10.0	$ 14.5	—	$ 18.0	—
4,098	796	6,355	1,935	6,614	3,772	14,031	2,628	3,020	746
$445.9	$ 3.6	$ 44.5	$ 15.3	$103.6	$ 36.3	$ 292.6	$ 45.9	$ 40.7	$21.2
12/31/55	6/30/55	12/31/55	12/31/55	12/31/55	12/31/55	12/31/55	5/31/55	12/31/55	12/31/55
$563.5	$55.0	$244.4	$226.6	$301.1	$373.3	$1,050.7	$182.3	$307.3	$82.3
$ 82.2	$ 1.3	$ 6.5	$ 1.8	$ 11.1	—	$ 19.8	$ 2.6	$ 9.1	$ 1.6
$ 61.8	$ 2.0	$ 21.2	$ 10.2	$ 21.8	$ 8.8	$ 52.5	$ 4.6	$ 14.1	$ 1.4
$ 8.3	$ .3	$ .8	$ 1.0	$ 2.2	—	$ 5.1	$ 1.1	$ 1.7	$ .3
$55.8	$ 2.4	$ 19.2	$ 8.4	$ 15.3	$ 8.0	$ 44.3	$ 4.3	$ 13.0	$ 1.5
21.7%	8.6%	16.9%	7.9%	10.2%	4.3%	9.5%	5.5%	9.3%	4.3%
9.9%	4.4%	7.8%	3.7%	5.1%	2.2%	4.5%	2.4%	4.4%	1.8%
19.6%	18.9%	17.8%	15.1%	15.1%	8.5%	18.0%	11.4%	11.7%	3.8%
$ 13.63	$ 3.05	$ 2.98	$ 4.39	$ 2.33	$ 2.13	$ 3.16	$ 1.72	$ 4.29	$ 2.01
12/31/55	6/30/55	12/31/55	12/31/55	12/31/55	12/31/55	12/31/55	5/31/55	12/31/55	12/31/55
$ 75.7	$ 5.5	$ 13.6	$ 5.9	$ 26.2	$ 19.2	$ 144.5	$ 9.8	$ 17.9	$ 2.4
$ 21.8	$11.1	$ 68.5	$ 24.8	$ 52.2	$ 52.2	$ 129.6	$ 42.7	$ 56.7	$22.8
$ 76.8	$ 8.8	$ 38.9	$ 11.3	$ 50.6	$ 62.2	$ 184.8	$ 15.2	$ 57.2	$14.1
$174.4	$26.5	$121.0	$ 81.6	$130.2	$135.1	$ 479.9	$ 68.7	$133.9	$39.4
$ 43.0	$16.0	$ 34.9	$ 38.6	$ 60.8	$ 65.1	$ 152.7	$ 36.1	$ 46.6	$ 6.5
$131.4	$10.5	$ 86.1	$ 43.0	$ 69.4	$ 70.0	$ 327.2	$ 32.6	$ 87.3	$32.9
$409.4	$ 5.0	$ 36.5	$ 19.1	$ 54.9	$ 38.6	$ 157.9	$ 13.2	$64.4	$12.7
$629.5	$31.7	$164.3	$104.4	$210.7	$178.1	$ 676.5	$ 82.8	$203.1	$55.6
$ 18.47	$ 6.93	$ 2.15	$ 3.07	$ 3.97	$ 5.10	$ 10.29	$ 3.75	$ 5.94	$ 3.29
4.0	1.6	3.4	2.1	2.1	2.0	3.1	1.9	2.9	6.0
3.8%	20.3%	28.0%	10.9%	17.3%	14.0%	12.3%	23.4%	18.4%	27.7%
12.5%	42.1%	56.6%	30.4%	40.1%	38.7%	46.5%	62.2%	42.3%	57.9%
$131.8	$12.0	$ 82.3	$ 50.3	$ 46.2	$ 76.7	$ 215.0	$ 26.3	$ 76.8	$27.7

(*Table next page—Text continued on page* 44)

Statistical Data on TV, Electronics and Movie Companies

	Earnings Per Share 1953	Earnings Per Share 1954	Earnings Per Share 1955	Dividends Per Share 1953	Dividends Per Share 1954	Dividends Per Share 1955	Recent Price	Div. Yield*	Price Range 1955-1956
LEADING COMPANIES IN TELEVISION									
Admiral Corp.	$3.48	$2.78	$1.03	$1.00[1]	$1.00	$1.00	20	5.0%	30¼- 18½
Amer. Broadcasting-Paramount	1.01	1.06	1.18[5]	1.00	1.00	1.20	27	4.4	33½- 22⅛
Columbia Broadcasting Sys. "A"	1.27	1.62	1.83	.61	.63[1]	.76[1]	28	2.7	32 - 22½
Du Mont (Allen B.) Laboratories	.60	3.17	(d) .90	—	—	[2]	8	—	17⅛- 8
Magnavox Co.	2.93	2.77	3.05	1.50	1.50	1.50[1]	40	3.7	41⅞- 23
Motorola Co.	3.66	3.91	4.39	1.50	1.50	1.50	50	3.0	60¾- 43½
Philco Corp.	4.86	1.70	2.13	1.60[1]	1.60	1.60	36	4.4	43⅜- 30
Raytheon Mfg.	1.53	1.39	1.72	—	[3]	[3]	18	—	25¾- 13⅞
Sylvania Electric Prod.	3.10	2.93	4.29	2.00[1]	2.00	2.00	49	4.0	50⅜- 41
Zenith Radio	11.44	11.53	16.31	3.00	3.00	5.00	139	3.5	142½- 86
COMPANIES WITH DIVERSIFICATION IN ELECTRONICS									
Bendix Aviation	$4.10	$5.62	$5.66	$3.00	$4.00[1]	$2.10	57	3.6%	59½- 45
Burroughs Corp.	1.44	1.83	2.19	.80	.85	1.00	35	2.8	35⅛- 22⅞
General Dynamics	3.51	4.72	2.74[5]	1.12½	1.62½	2.15	63	3.4	80 - 48¾
General Electric	1.92	2.30	2.32	1.33	1.47	1.60	64	2.5	64⅞- 46¼
General Precision Equip.	5.09	5.54	2.02[5]	1.00	1.90	2.40	50	4.8	71½- 36½
International Bus. Mach.	8.53	11.35	13.63	3.20[1]	3.80[1]	4.00[1]	437	.9	450 -349
International Tel. & Tel.	3.12	2.80	2.23[5]	1.00	1.00	1.20	34	3.5	34¾- 23¾
Minneapolis-Honeywell Reg.	1.66	2.42	2.98	1.12½	1.20	1.50	74	2.0	76½- 50⅛
National Cash Register	1.71	1.94	2.33	1.00[1]	1.00	1.07	42	2.5	47 - 33⅞
Radio Corp. of America	2.27	2.66	3.16	1.00	1.20	1.35	49	2.7	55⅜- 36¾
Sperry Rand	—	—	.92	—	—	.36	27	1.3	29⅝- 21
Underwood Corp.	1.13	1.66	2.01	2.25	1.25	1.50	36	4.1	43⅛- 33
Westinghouse Electric	4.53	4.78	2.46	2.00	2.50	2.00	64	3.1	83¼- 53¼
LEADING MOVIE COMPANIES									
Loew's Inc.	$ .85	$1.28	$1.03	$ .80	$ .90	$1.00	23	4.3%	24⅝- 17½
Paramount Pictures	3.06	4.10	4.50[4]	2.00	2.00	2.00	34	5.9	44⅝- 30¼
20th Century-Fox Film	1.65	3.04	1.68[5]	1.00	1.60	1.60	26	6.1	31⅝- 21⅛
Universal Pictures	2.35	3.58	3.71	1.25	1.25	1.25	29	4.3	31 - 25⅛
Warner Bros. Pictures	1.18	1.61	1.62	.90	1.20	1.20	21	5.7	23¾- 18¼

(d)—Deficit.
*—Based on 1955 dividend.
1—Plus stock.
2—Distr. 1 sh. Dumont Broadcasting for each 2½ shares held.
3—Paid stock.
4—Estimated.
5—9 months.
6—6 months ended 12/31/55.

Leading Companies in Television

Admiral Corp.: Lower 1955 earnings reflect competitive conditions for makers of TV sets and electric appliances. Some uncertainty as to dividend payments. (C)
Am. Broad.-Para.: Further improvement in earnings of TV network anticipated. Dividend should be maintained. (C)
Columbia Broadcast.: Further gains expected from its extensive radio and TV networks and expanding manufacturing activities. (B2)
DuMont (Allen B.): Spin-off of TV stations may improve position as a manufacturer of electronic components. Dividend prospects remote. (D)
Magnavox Co.: Continues to hold strong position as producer of TV, radio and phonograph sets. Advent of Color TV adds to potentials. Dividend well covered. (B2)
Motorola, Inc.: Position as producer of radio and TV sets enhanced by increasing activity in general electronics. Has favorable long-term prospects (B2)
Philco Corp.: An outstanding maker of TV sets and home appliances. Color TV adds to longer-term prospects. (B2)
Raytheon Mfg.: Defense work continues to be major source of business, but improving civilian business is encouraging. May pay another small stock dividend. (C)
Sylvania Electric: This important producer of lamps, TV sets and other electronic products has favorable long-term prospects. Dividend modest in relation to earnings. (B2)
Zenith Radio: Prominent position in television and radio fields strengthened by prominence as maker of hearing aids and hi-fi phonographs. Stock appears to be in line for split-up. (B)

Companies with Diversification in Electronics

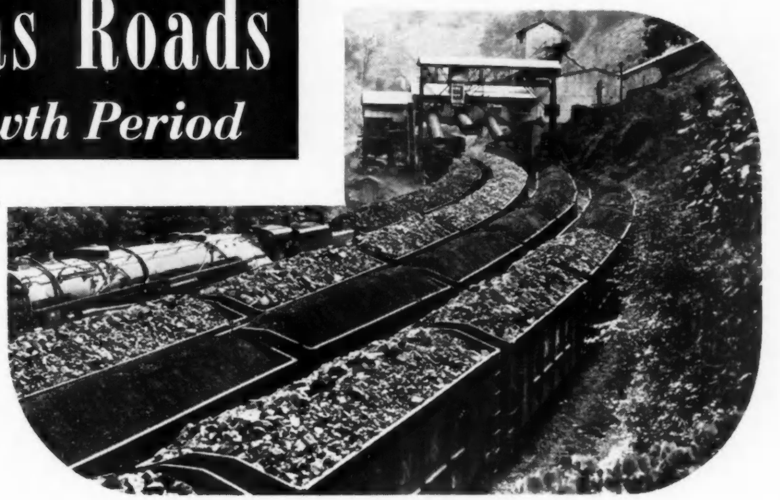
Bendix Aviation: Four-year uptrend in earnings reflects increased sales to the automotive, aircraft and marine industries and the military. Current backlog of orders substantial. (B2)
Burroughs Corp.: Long-range prospects for this prominent maker of office and electronic equipment increased by operating improvements and active research in electronic field. (B2)
General Dynamics: Progressive management in electronic and nuclear fields. Favorable long-term prospects. (B2)
General Electric: This largest producer of a broad line of electrical products and research leader has eminent position in electronics, jet engines, and atomics. (A1)
Gen'l. Precision Equip.: Net off sharply last year due to 30% drop in motion picture theatre equipment sales and lengthy strike. Developing importantly as maker of electronic devices. Backlog up. (C2)
Internat'l. Business Machines: Increasing need for modern office machines and electronic computers presages further growth for this leader in the field. An investment stock of high quality. (A2)
Int. Tel. & Tel.: Has developed as one of the leaders in the electronics industry. Quarterly dividend increased this month to 45 cents. Further growth indicated. (B2)
Minneapolis-Honeywell: Trend toward automation in factories and aggressive research by company point to expansion of markets. A consistent dividend payer. (A)
National Cash Register: This leader in the calculating-machine field has a growing stake in the electronic field as a producer of equipment for business and the military. (A2)
Radio Corp. of America: A leader in all divisions of electronic equipment. Continued growth and increasing earnings should be recorded this year and over the longer-term. (A2)
Sperry Rand Corp.: Important producer of high precision and electronics equipment for the military, and becoming a greater factor as a developer and manufacturer of computers and other electronic equipment for business. Favorable long-term growth prospects. (B)
Underwood Corp.: Near-term earnings likely to depend on sales of standard equipment although long-term prospects are brightened by newer ventures in the electronics computer field. (C)
Westinghouse Electric: 1955 earnings erosion can be traced to prolonged strike. Stock worth holding for long-term growth prospects. (B2)

Leading Motion Picture Companies

Loew's Inc.: Efforts to improve theatre attendance by improved film techniques and selected pictures resulted in disappointing earnings last year. Stock appears amply priced. (C)
Paramount Pictures: Earnings, aided by operations of its Canadian theatre operator, are estimated at $4.50 a share for last year. Diversified interests in TV and electronics brighten longer-range outlook. (C)
20th Century-Fox: Competition from VistaVision and other new film techniques cut into earnings in 1955. Current dividend rate, however, was amply covered. (C)
Universal Pictures: Pre-eminent position attained by production of successive box office attractions reflected in improved earnings last year. Moderate dividend increase possible. (C)
Warner Bros. Pictures: Near-term outlook appears favorable. Negotiating for sale of its library of pre-1948 productions to TV interests. Dividend secure. (C)

RATINGS: (A)—High-grade investment quality. (B)—Good Grade. (C)—Speculative. (D)—Unattractive.
1—Above average appreciation potential at current market levels. 2—Retain for long-term investment. 3—Speculative, but improving.
*—Most attractive of group at current market price.

Pocahontas Roads
—in new Growth Period



By ROGER CARLESON

In our series of "Progress Reports on Depressed Industries", No. 7 of which appeared in March 3, 1956, issue of The Magazine, we dealt with "The Coal Companies". That story referred particularly to the bituminous coal producers, comprising an industry that appeared moribund less than two years ago but which showed renewed vitality in 1955. In that year national bituminous coal production exceeded 465 million, surpassing 1954 output of 392 million tons by approximately 19 per cent, and was the largest production in three years.

This increased flow of soft-coal particularly from the great bituminous districts of West Virginia, Kentucky, and Virginia has upped the coal tonnage moving over the lines of the Pocahontas coal-haulers, namely, the *Norfolk & Western Railway, The Virginian Railway*, and the *Chesapeake & Ohio Railway*. These roads, operating in areas that have been steadily expanding in industrial activity, have benefited not only from the resurgence of soft coal in response to the needs of the steel and other industries, but are in an advantageous position because of east coast terminal facilities, through which flowed a substantial portion of last year's coal exports of 34 million tons, more than double exports of 15.3 million tons in the previous year.

Export coal movement over the Chesapeake & Ohio alone increased sharply to 14.8 million tons from 6.4 million tons in 1954, and represented 43.5 per cent of the export total. During 1955, C & O again held its traditional pre-eminent place as originator, carrier and carrier-for-export of bituminous coal. From mines on its lines, the road originated a total of 61.6 million tons. This was 13.5 million tons more than the year before, and was slightly in excess of C. & O.'s usual haulage of one-eighth of national bituminous coal production. Coal and coke movements over the company's lines in 1955 accounted for $189.3 million in freight revenues, second highest in the road's history and going ahead of the previous year's coal and coke revenues by $51 million, and falling $7 million short of 1951's record $196.3 million contributed by these commodities.

Merchandise revenues also set a new high record in 1955, increasing to $163.2 million from $143 million in 1954. This gain partly reflected the sustained high level of business and the continued industrial expansion in the road's territory. From Michigan in the north with its sprawling manufacturing areas, including the center of the automobile industry and a rapidly expanding chemical industry, the C & O rail network is spread out over more than 5,100 miles, serving some of the densest traffic areas on the North American continent. The system from Chicago and other points in the Great Lakes area serves numerous important points in Indiana, northern Kentucky, Ohio, West Virginia, and Virginia. At the center of its territory are the valleys of the Ohio-Kanawha Rivers whose burgeoning industrial might has earned the name "Atom Valley", while the territory's southern region borders, at Newport News, on one of the world's largest and safest ocean harbors that is growing rapidly in importance as a gateway for inbound ore traffic and in the movement of coal for export.

Last year, shipments of inbound ore, mainly of chrome, iron ore, and manganese, at the Newport News piers, reached a record one million tons. It is expected that this total tonnage will be quickly exceeded when new facilities go into operation late this year. These include an $8.3 million pier No. 9, while to meet the expected growth in export coal movements, C & O is carrying out a $3.2 million expansion of Coal Pier 15, scheduled for completion some time late this year.

The road's record operating revenues in 1955, brought up to $380.2 million by $12.7 million in miscellaneous freight services and almost $15 million in income from passenger services, were further augmented by $5.5 million in dividends, rents, and other net income, bringing the 1955 grand total to $386 million. The road's operating ratio of 68.1 per cent was the lowest in seven years and net earnings were $58 million, equal to $7.25 a share for the common stock, after dividends on 109,321 preferred shares. Earnings for the common stock compared with $5.01

a share in 1954, and established a record high for the postwar period. In addition to peak revenue and earnings, C & O reduced debt by $16 million, expended $37 million on new equipment and improvements, and closed 1955 with a cash position of $88 million, and working capital of $49 million. Dividends on the common stock, maintained at $3.00 a share since 1952, were increased to a $3.50 rate last year, still a conservative payout on the basis of 1955 earnings and prospects for 1956. In the first two months of this year, gross revenues were $63.6 million against $51.8 million for the same period a year ago, while net income for the two months of this year amounted to $9.3 million, or $1.17 a common share, up from $7.1 million, or 90 cents a share for the like period of 1955. At the current price of 61 for C & O common shares the increased dividend yields approximately 5.7 per cent.

Chesapeake & Ohio Railway

	Oper. Revenues (Mil.)	Ratios Transp. %	Oper. %	Net Income (Mil.)	Earnings Per Share	Div. Per Share
1955	$380.3	32.3	68.1	$58.0	$7.25	$3.13
1954	304.5	34.0	74.0	39.9	5.01	3.00
1953	344.0	31.5	72.2	48.1	6.04	3.00
1952	355.7	31.5	71.2	45.0	5.66	3.00
1951	368.2	32.9	71.0	38.1	4.80	2.25
1950	318.7	32.1	69.4	33.9	4.25	1.50

Norfolk & Western Railway

	Oper. Revenues (Mil.)	Ratios Transp. %	Oper. %	Net Income (Mil.)	Earnings Per Share	Div. Per Share
1955	$208.9	28.9	66.4	$38.6	$6.70	$3.75
1954	170.1	31.6	73.9	26.3	4.52	3.50
1953	189.6	30.4	72.0	28.1	4.83	3.50
1952	195.7	29.8	70.8	29.3	5.05	3.50
1951	206.6	29.6	66.9	30.8	5.31	3.50
1950	168.0	29.9	69.3	29.3	5.05	3.50

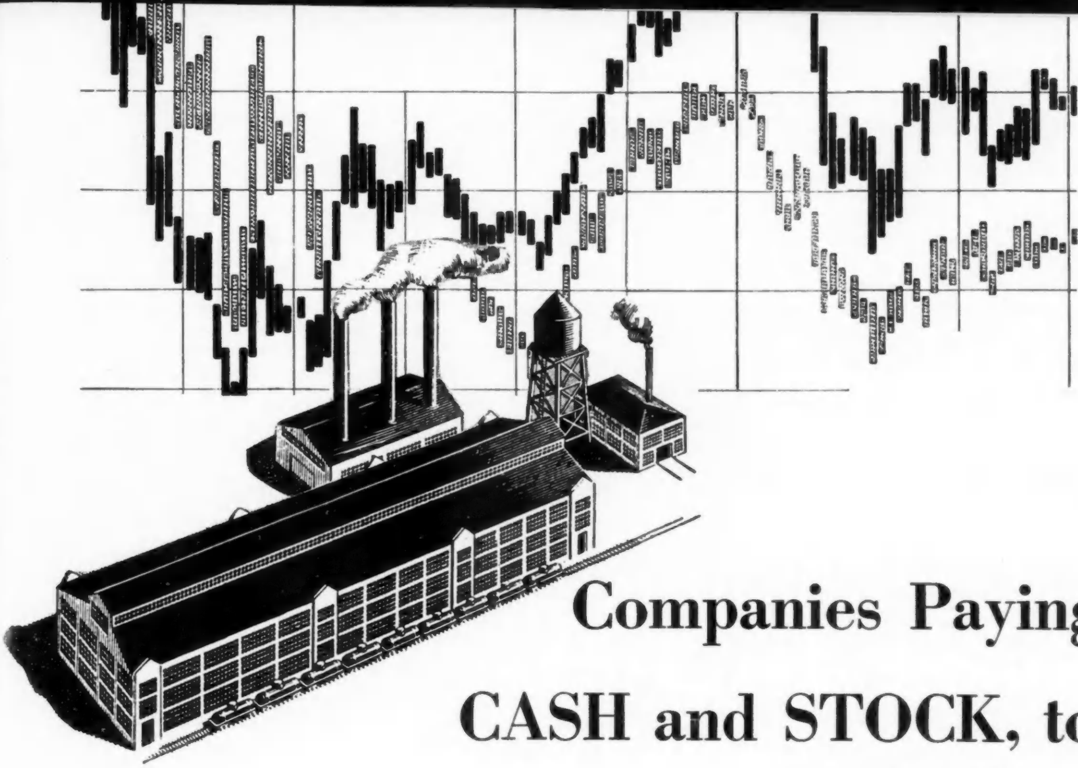
Virginian Railway

	Oper. Revenues (Mil.)	Ratios Transp. %	Oper. %	Net Income (Mil.)	Earnings Per Share	Div. Per Share
1955	$ 44.2	19.6	55.0	$10.5	$7.12	$3.00
1954	37.0	22.6	61.8	6.32	3.71	2.50
1953	37.9	25.5	68.2	5.45	3.02	2.50
1952	44.1	23.4	62.5	6.81	4.11	2.50
1951	47.4	22.0	59.4	7.11	4.35	3.00
1950	33.2	22.8	60.3	6.71	4.02	3.13

The *Norfolk & Western Railway*, operating in a territory steadily expanding in industrial activity, continues to be regarded principally as a coal-hauling railroad. The company's main line, eastward from Columbus and Cincinnati, Ohio, runs through the rich bituminous coal fields of southeast Kentucky, southern West Virginia, northwest Virginia, from which is mined some of the world's finest bituminous coal. Along the lines of the N & W, and its branches which form a broad network of feeder lines, are large quantities of low volatile coals, essential for making coke used in the manufacture of steel, demand for which continues to increase as the nation's steel industry steadily expands its steel production. On the basis of slightly less than one pound of this metallurgical coal to every pound of steel, 1955 coal consumption by the steel makers was close to 117 million tons. Although final figures pertaining to coal movements over the road's system during 1955 are not yet available, it is estimated that the great rise in production of electric energy by electric utilities which, on an overall basis, increased their coal consumption over the previous year by 32 per cent was helpful. Other industrial concerns also increased their takings of coal while N & W also hauled a greater tonnage to its coast terminal at Lamberts Point (Norfolk) for overseas shipment. In addition, the Pocahontas Land Corporation, all of whose capital stock is owned by N & W, is a coal land-owning company. It owns approximately 332,000 acres of land, largely underlaid with bituminous coal, in Virginia, West Virginia and Kentucky, of which about 203,000 acres are under lease to operating companies. This N & W subsidiary does not mine or sell coal, deriving its principal income averaging about $1.7 million annually from royalties paid by the leasing operating companies. Royalty income, augmented by revenue from other sources, in recent years, has averaged just below $2 million annually, with net income, after expenses and depletion and depreciation charges, averaging in the neighborhood of $1 million.

Increased coal traffic, together with further gains in manufactures and miscellaneous commodities reflecting the generally higher level of activity as well as industrial expansion in the road's territory, brought operating revenues for 1955 up to a new peak at $208.9 million, a gain of $38.8 million over the $170.1 million shown for 1954, and surpassing 1951, the previous best year in which operating revenues amounted to $206.6 million. Despite the high cost of material and supplies and increased wage scales, the road brought its transportation ratio down to 28.9 per cent last year from 31.6 in 1954, and cut its operating ratio to 66.4 per cent from the previous year's 73.9, making it one of the lowest cost rail carriers in the Class I group. This position has been attained notwithstanding the fact that the N & W crosses three mountain ranges between the Ohio Valley and the Atlantic seaboard, and is indicative of the high rate of operating efficiency that was translated in 1955 into record net earnings of $38.6 million. After allowing for preferred dividends, this showing was equal to $6.70 a share for the common stock, as compared to 1954 net of $26.3 million, or $4.52 a common share. In 1951, the previous record year, net of $30.8 million, after preferred dividends, equaled $5.31 for the common.

Operations of company for the first quarter of the current year are indicated at a rate well above the corresponding 1955 period in which net reached $6.2 million, or $1.07 a share. In the first month of this year, gross revenues amounted to $18.8 million as compared with $14.5 million in January, 1955, while net earnings of approximately $2.5 million, or 43 cents a share increased about 27 per cent from January, 1955 net of about $1.9, or 34 cents a share. This again reflects to a considerable extent continued increases in coal traffic to meet larger export orders. Preliminary figures (*Please turn to page* 42)



Companies Paying CASH and STOCK, too

By WARD GATES

It is not easy to dissuade the man who feels his interests are best served by a "take the cash" philosophy. As an investor, he almost invariably will seek out high-yield issues, placing this consideration above every other factor.

Yet such an attitude toward equities has, in the final analysis, paid lean "dividends" in this bull market by contrast with a policy of seeking out growth stocks, even though such commitments entailed waiving substantial cash dividends.

One type of growth equity that has, in most instances, paid off handsomely is the kind that provides modest cash disbursements on a regular basis plus a payment in stock (in most years). Of course, not every company that pays cash and stock, too, qualifies as a growth situation. In not a few cases, stock is paid (in lieu of cash or a nominal cash amount) by companies that are stagnant. Such companies, quite often, do not have the cash resources to make substantial payments and simply supplement small dividends with stock extras to keep the shareholders from stirring up discontent.

Definition Of A Growth Stock

The term "growth stock" is not easily defined. A security analyst might call it a corporate equity that has moved up faster than the average of all stocks and has substantially increased in value over the years. Yet a continual rise in a stock's market value does not necessarily qualify it as a growth situation. There are other fundamental requirements, notably good long-term prospects for the company (and sometimes the industry), sound finances and a dependable profit margin. These requirements and some others, such as research-development stature and aggressive management, also form part of the foundation.

Investors in the upper and medium-income brackets will find an avenue for securing reasonable income while reducing the amount of their tax liability through growth issues that pay regular cash dividends plus stock, from time to time. Stock dividends are not taxable, except under certain highly specialized cases which do not concern the average investor. Hence, income in the form of stock dividends is doubly welcome, since it adds to the value of the investment without being subject to normal tax penalties.

Compound Interest On Stock

There also is the matter of compound interest in the matter of stocks held over long periods. Thus, the holder of a round lot would receive five shares if a 5% stock dividend were declared. Assuming the payment of a like stock dividend in the succeeding years, the stock payment would amount to more than five shares thereafter, with the holder generally receiving cash in lieu of fractional shares.

In the table accompanying this article, it will be noted that of the 19 companies listed, only seven failed to make some payment in stock each of last five years. All 19 merit the rating of "growth stock." Expanding rapidly, they have had need of large sums of cash and, by and large, have financed their growth out of corporate resources. To achieve this, stockholders were called upon to defer their understandable desire for more generous cash dividends. Shareholders who have gone along with the policy of directors have had no reason to regret clinging to their holdings.

Selecting Growth Stocks

In selecting a growth stock, the investor would

do well to give prime attention to the company, rather than the industry, although there is no denying that the latter is an important factor.

The automotive industry, as an illustration, has enjoyed spectacular growth through the century, yet competition bred no fewer than 2,000 casualties. An investor would have had to be wise, or unusually lucky, to have selected one of the handful of survivors. As another example, telecasting has proven one of the most lucrative segments of the $11 billion annual electronics industry, still no less than 21 television stations went broke last year.

Quest For A Formula

What the investor wants, of course, is a sure-shot formula for spotting growth situations while they yet are in their infancy. While there just doesn't seem to be one, there are the fundamentals to be kept in mind when seeking a growth stock—future prospects, an alert management and ample funds to withstand temporary adversities.

Those who were shrewd enough to spot growth stocks a generation ago and had the patience to hold on have been richly rewarded. Item: Goodyear Tire & Rubber sold for $11 a share 33 years ago. That investment now is worth $2,800, having multiplied to over 40 shares through stock splits and rights. To invest in a single share of Aluminum Co. of America cost $470 in 1923, but it now represents $9,000, including the distribution of Aluminium Ltd. shares by the company.

A more recent spectacular performer is Lindsay Chemical Co. A share of Lindsay common stock could have been bought for $5 in 1945. Since then, the stock has risen rapidly on higher sales and earnings. It was split 5-for-1 in 1954. The new stock is selling around $56. That's about 56 times the price paid in 1945.

Cash and Stock

These are outstanding examples of growth situations. Scarcely less spectacular, however, have been numerous companies that pay cash and stock. The number of companies with a regular policy of paying both is not large. Those that do must be distinguished from firms which have paid a single stock dividend, or which pay in stock at highly irregular intervals.

One of the top companies pursuing the cash-plus-stock policy is Eastman Kodak. That giant of the photographic field, which has achieved tremendous diversity by retaining substantial cash sums, has emerged as a vital factor in synthetics, textiles, plastics, chemicals, vitamins and office equipment.

The company paid stock dividends of 5% each in March of 1955 and May, 1953. It also paid stock dividend of 10% each in 1951 and 1952. A stock dividend of 5% was paid in 1950. Cash dividends have been moving higher, too, despite the increased number of shares arising out of the stock disbursements. Eastman raised its quarterly cash payment from 50 cents to 60 cents in January, when an extra of 25 cents also was disbursed. The company also will pay 60 cents on April 2. The reason: Earnings climbed in 1955 to $4.66 (*Please turn to page 50*)

19 Companies paying Dividends in Cash and Stock

	Earnings Per Share					Price Range	Recent
	1951	1952	1953	1954	1955	1955-1956	Price
Addressograph-Multigraph	$6.84	$5.84	$5.74	$5.92	$7.86	137 - 77½	136
Stock	3%	3%	3%	3%	3%		
Cash	3.00	3.00	3.00	3.00	3.00		
American Mach. & Fdry.	2.42	2.03	2.41	1.62	.96[5]	35⅞ - 23¼	28
Stock	2½%	5%	5%	2½%	2%		
Cash	.80	.80	1.00	1.00	1.00		
American Metal Co.	3.85	3.40	3.26	3.32	3.34[5]	68¼ - 45¾	66[1]
Stock	5%	5%	5%	5%	5%		
Cash	1.50	1.50	1.50	1.75	3.00		
Babcock & Wilcox	5.67	6.62	7.75	9.31	7.86	122 - 66	118
Stock	—	—	5%	5%	5%		
Cash	2.00	2.00	2.00	2.00	2.75		
Cosden Petroleum	2.06	2.05	2.32	2.78	3.42	44 - 24¼	43
Stock	—	—	20%	25%	5%		
Cash	.95	1.00	1.00	1.00	1.25		
Dow Chemical	2.00	1.65	1.58	1.42	1.64	71½ - 43⅛	71
Stock	2½%	5%	2½%	—	2%		
Cash	.80	.80	1.00	1.00	1.00		
Eastman Kodak	2.95	2.74	2.86	3.99	4.66	87⅞ - 67	85
Stock	10%	10%	5%	—	5%		
Cash	1.80	1.80	1.80	2.00	2.20		
Fansteel Metallurgical	2.36	2.10	1.85	1.23	3.00	37⅜ - 26⅛	37
Stock	5%	5%	5%	3%	3%		
Cash	.50	.50	.50	.50	.75		
Ferro Corp.	3.76	2.30	2.63	3.14	3.88	38⅛ - 28⅝	34
Stock	—	—	4%	4%	4%		
Cash	1.60	1.60	.80	.80	.80		
Food Fair Stores	1.71	1.30	1.49	1.85	2.37	69¼ - 43⅜	54
Stock	3%	3%	5%	25%[2]	3%		
Cash	.80	.80	.80	.80	.90		
Grand Union Co.	1.36	1.18	1.55	1.82	1.90[3]	34⅜ - 27⅛	33
Stock	[4]	5%	5%	5%	4%		
Cash	.50	.50	.50	.50	.50		
Gulf Oil	6.17	6.01	7.13	7.16	5.68[5]	97⅜ - 61½	95
Stock	100%	4%	4%	4%	4%		
Cash	4.00	2.00	2.00	2.00	2.25		
Hunt Foods	4.72	2.62	1.18	2.38	3.50	37¾ - 22¼	36
Stock	5%	5%	5%	5%	5%		
Cash	—	.30	.60	.60	.60		
International Bus. Machines	6.80	7.29	8.53	11.35	13.63	450 -349	437
Stock	5%	5%	5%	2½%	2½%		
Cash	4.00	4.00	4.00	4.00	4.00		
Mead Corp.	5.16	4.97	4.41	4.62	6.29	80 - 52¾	79
Stock	—	2%	2½%	2½%	2½%		
Cash	2.00	1.60	1.65	1.85	2.10		
National Gypsum	3.12	2.84	2.71	4.56	4.61	59¾ - 45⅜	54
Stock	2%	2%	—	2%	2%		
Cash	1.40	1.40	1.40	1.60	2.00		
Plymouth Oil	4.24	3.97	3.32	2.78	2.16[5]	37½ - 29⅞	37
Stock	1½%	1½%	1½%	1½%	1½%		
Cash	1.30	1.60	1.60	1.60	1.60		
Rohm & Haas	7.48	5.73	6.73	12.52	17.23	456¾-258	453
Stock	4%	4%	4%	4%	4%		
Cash	1.60	1.60	1.60	1.60	1.60		
Sun Oil	4.70	4.45	4.68	4.17	4.72	80¾ - 67¼	76
Stock	10%	8%	8%	8%	6%		
Cash	1.00	1.00	1.00	1.00	1.00		

1—Vote May 3, 1956 on a 2 for 1 stock split.
2—Represents 5 for 4 stock split.
3—Estimated.
4—1/5 share of 4½% preferred.
5—9 months.

Progress Report on Depressed Industries— No. 7:

By J. C. CLIFFORD

HOME — FURNISHINGS

Staging Rebound

The home furnishings industry is one that is little known and less understood by investors but one that, at the moment, could be on the threshold of a period of prosperity and profits. Red ink has decorated many earnings reports in this business until now.

Last year was the best in history for sales of furniture, carpets and other segments of the home-furnishings field. But its advances have been overlooked, while publicity has centered the spotlight on the consumer's ability to devour large numbers of homes, automobiles and appliances. It's considered axiomatic of the American consumer that, too often, he will spend money in acquiring a television set or new car before he goes about the job of getting a new sofa, replacing a denapped carpet or scratched table.

Nevertheless there are signs that the public, now has quenched its thirst for these items (cars and appliances), will turn more of its attention toward furnishing or refurbishing of the domicile. There are several sound reasons for that supposition. The automobile industry, for example, frankly admits that it expects car sales to drop from the record levels of 1955 and the TV industry is now trying to persuade the public to start buying color sets. During this period it is possible that homefurnishing sales will benefit at the expense of these other products. Already, there is some evidence that this is so. In January, for example, furniture shipments shot 26% ahead of the shipments in January 1955.

Upturn Jumps the Gun

Since February is the traditional period when orders for furniture start mounting, the spurt in January is heartening and gets the new year off to a flying start for this year. However, cancellations of orders placed in earlier months also showed an increase in January and, while they did not cut down the gain, they were larger than in December and this trend, spurred somewhat by the price increases which manufacturers have been forced to make, and which retailers fear, will bear watching for the next few months.

There are 3,000 furniture makers in the United States, but only a few score are big firms with a volume in excess of $5 million annually. In 1955 these manufacturers shipped an estimated $2,275,000,000 worth of furniture at retail prices. This was about 15% higher than the amount shipped in 1954 and represented about 2.25% of the consumer's disposable income.

Of the few score big furniture producers only a handful are publicly-owned. They include Kroehler Manufacturing Co., world's largest producer of upholstered furniture; Simmons Co., biggest mattress maker; American Seating Co.; Heywood-Wakefield, and Mengel Co.

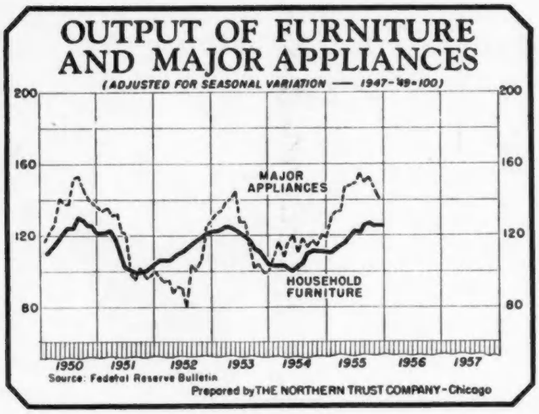
There are over 75 carpet-makers in the United States, but the five major ones account for over 60% of the output, which last year turned in total of about 90 million square yards with a dollar value of $490 million.

Meanwhile, at the retail level, specializing in sales of furniture and carpets there are a number of publicly-owned retail organizations including Sterchi Stores, Barker Bros., Reliable Stores, Spear & Co., Sterling, Inc. and W. & J. Sloane, the only true national furniture retail chain.

The Outlook for Carpets

Since the carpet manufacturers compose not only the largest but also the best-known group, they receive prime consideration as the segment of the

homefurnishing field which may show fatter profits this year. The most interesting corporate development in the carpet industry during 1955 was the formation of Mohasco Industries, Inc., resulting from a merger of Mohawk Carpet Mills with Alexander Smith, Inc. The new company is expected during 1956 to become the nation's biggest carpet company with sales in excess of $100 million. For the next two years Mohasco is expected to benefit from the excellent sales of the Mohawk division while the Alexander Smith division is rebuilt to the position it once occupied in the floor-covering field, where it accounted for over $70 million in volume.



Mohawk is a major producer of Wilton rugs, a standard construction of carpet always in demand. However, Dixiana Mills, its tufted mill in South Carolina, is new and is expected to contribute heavily to the company's sales and profit potential, with new mills in Mississippi and South Carolina. One reason that Smith—and the whole carpet industry—suffered in previous year was the tremendous excess of productive equipment the industry had. It's estimated that 40% of the industry's looms were available for output of rugs for which there was no market. Meanwhile, tufted carpets, which zoomed to grab 40% of the floor-covering volume, were virtually ignored by Smith and other carpet-makers until the last two years. Mohasco now is well-balanced and able to move in any direction that carpeting demand develops. Smith had about $29.5 million worth of tax carry-forward credits at the start of 1956, of which $1.9 million is expected to expire in 1956. This carry-forward credit will be a cushion for earnings from the Mohawk division, which ran at $1.7 million in 1955. It is possible that Mohasco also will diversify into other non-carpet type of operations, thus decreasing its dependence on rugs as the sole source of profits.

Bigelow-Sanford Improving

Bigelow-Sanford Carpet Co. was the nation's largest rug maker prior to the Mohasco merger—and one of the most aggressive. Its sales last year totaled over $82 million and earnings hit $2.29 per share. Bigelow's earnings are expected to show further improvement when the full benefits accrue from the consolidation of woven operations at its Thompsonville, Conn., plant. Bigelow's management has staged an impressive comeback from its 1954 profit slump and a good portion of the credit belongs to its willingness to plunge into output of tufted carpeting. Bigelow has expanded its tufted carpet output 12 times what it was in 1950 and this year further expansion is expected. The company will spend over $3.5 million for new plant and equipment. Some of this undoubtedly will go into expansion of the Hartford Rayon Co., a division turning out staple rayon for use in tufted carpet production and some apparel rayon. Hartford's output, estimated at 20 million pounds, gives Bigelow a slight edge on the rest of the trade for carpet rayon is in great demand and there are only a few suppliers, with American Viscose being the dominant one. Currently, Hartford Rayon reportedly is running in excess of its capacity.

Emphasis on tufted (*Please turn to page* 51)

Furniture Manufacturers and Retailers

	1954 Net Sales (Mil.)	1954 Net Per Share	1954 Div. Per Share	1955 Net Sales (Mil.)	1955 Net Per Share	1955 Div. Per Share	Price Range 1955-1956	Recent Price	Div. Yield*
American Seating	$ 36.4	$2.52	$1.50	$ 37.5	$3.59	$1.50	37½-29½	35	4.2%
Barker Bros.	28.5	1.40	1.00	33.6	2.41	1.20	26 -15¼	22	5.4
Kroehler Mfg. Co.	62.7	2.60	1.25	54.3[1]	2.63[1]	1.55	24⅞-22	24	6.4
Mengel Co.	38.6	1.65	1.00	46.5	2.73	1.00	46 -26¼	38	2.6
Reliable Stores	23.3	1.55	1.05	27.6[5]	2.25[5]	1.05	19 -15	17	6.1
Simmons Co.	139.1	4.18	2.50	156.3	5.31	3.00	52½-39½	49	6.1
Spear & Co.	25.1	(d) 6.58	—	15.7[1]	2.89[1]	—	7¼- 3¾	4	—
Sterchi Bros. Stores	17.0[2]	1.55[2]	1.00	13.3[1]	1.27[1]	1.00	15⅞-13¾	14	7.1

Floor-Covering Manufacturers

	1954 Net Sales (Mil.)	1954 Net Per Share	1954 Div. Per Share	1955 Net Sales (Mil.)	1955 Net Per Share	1955 Div. Per Share	Price Range 1955-1956	Recent Price	Div. Yield*
Armstrong Cork	$217.5	$2.32	$1.33	$249.3	$2.81	$1.50	35¼-26⅛	33	4.5%
Artloom Carpet	4.9	(d) .28[3]	—	12.3	(d) .20	—	9⅜- 6⅝	7	—
Bigelow-Sanford Carpet	68.2	(d) .06	—	82.7	2.29	.25	18 -13⅛	15	1.6
Congoleum-Nairn	53.8	1.33	1.25	59.7	1.81	1.10	25½-20¾	22	5.0
Firth Carpet	17.6	.13	.40	21.8	1.28	.45	12¾- 9	12	3.7
Lees (James) & Sons	62.2	3.31	2.00	71.3	4.05	2.00	34¾-28⅛	34	5.9
Mohasco Industries	[4]	[4]	[4]	[4]	[4]	[4]	11¼- 8⅜	10	—
Pabco Products	30.8	1.15	.25	31.4	1.30	.25	39½-22	39	.6

(d)—Deficit.
*—Based on 1955 dividend.
[1]—9 months.
[2]—Year ended 2/28/55.
[3]—7 mos. ended 7/31/54—fiscal year changed.
[4]—Merger of Mohawk Carpet Mills, Inc. and Alex Smith, Inc. 10/24/55.
[5]—13 months ended 1/31/56.

THE EDITORS'

INVESTMENT CLINIC

Case No. 20

Impatience Commands A Premium

A phenomenon of the postwar period has been the drum-beating and fanfare that accompany the bringing to a major securities market, usually the New York Stock Exchange, of an issue previously traded in on a less prominent market or hitherto privately-owned. A recent example of the latter is Ford Motor Co. or Campbell Soup. Illustrative of the former is Foremost Dairies or Minute Maid.

It is not especially difficult to rouse interest in the companies cited here, for each sells consumer products that are known to tens of millions of folk in this country and overseas. Nor should it be especially surprising that seasoned investors and folks who never before owned a share of any stock are to be found caught up in the scramble for "a piece" of the stock. Indeed, the offering of Ford stock early this year brought out thousands of buyers of both kinds, but especially "virgin" stock purchasers.

The desire to acquire an equity in one of the great "name" companies of this country is understandable. Moreover, in the span of years, such an investment should prove rewarding. Few sincere investment counselors would dissuade the investor from pursuing such a portfolio program. There is, however, room for argument on the question of timing.

The Scramble for Stock

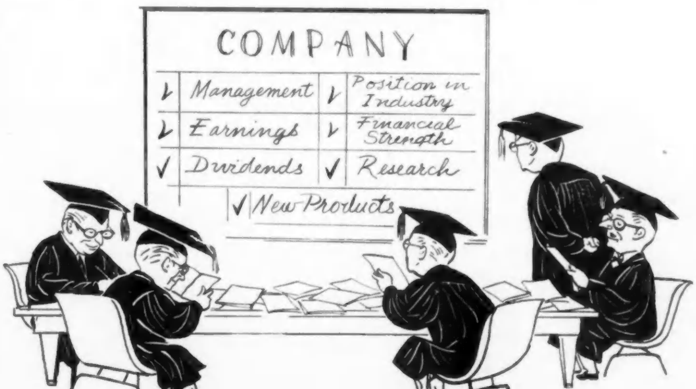
Thus, in the case of Ford, Campbell, Foremost and Minute Maid, to cite but a few, the investor (we are not concerned with the speculator) would have done well to exercise a modicum of patience. In the case of Ford, the stock was offered by the Ford Foundation at $64.50 a share. Thousands of milling stockholders were unable to "get aboard" at that price and, refusing to be deterred, swiftly bid up the shares to around $71. Almost, although not quite, as swiftly, the trend was reversed and the stock was available in the marketplace at less than $60 a share.

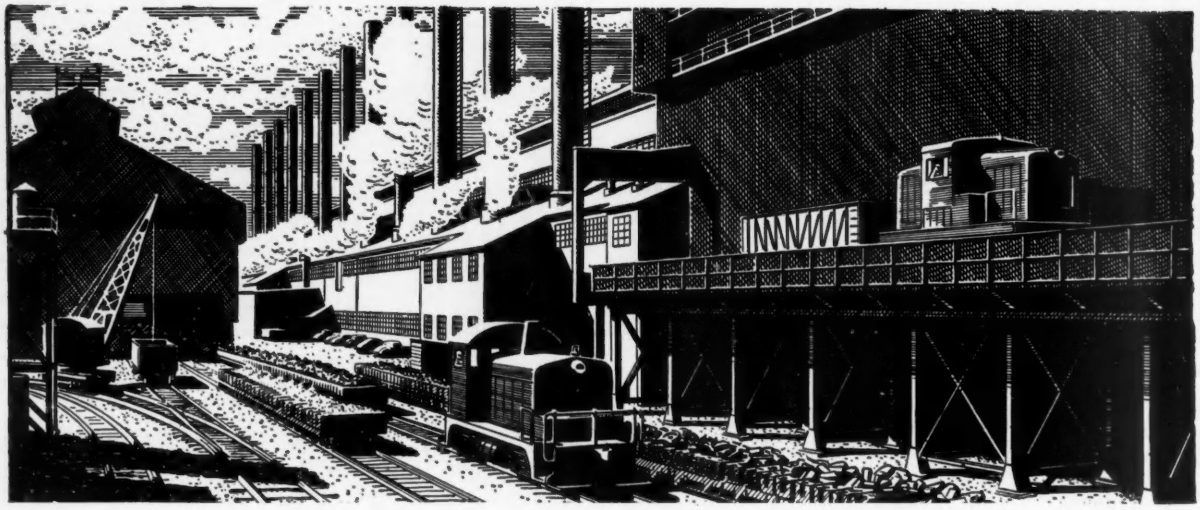
It is unfortunate, but true, so far as the investor is concerned, that offerings of stock are timed by the owners to obtain for them the best possible market price. From the standpoint of the Ford offering, the timing was excellent, so propitious in fact that the 10.2 million shares of stock offered to the public represented an increase over the 6.9 million shares which the Ford Foundation (seller of the stock) originally announced it planned to market. But strong demand for a stock is only what any investor would desire for himself in selling off any or all of his own holdings.

If we have dealt largely with the Ford offering, it is only because it attracted the greatest fanfare, even becoming Page One news and commanding television and radio coverage the country over. There are, of course, innumerable other instances, in each of which impatience commanded a premium. In the instance of Ford, there was no need to resort to "the hard sell," to borrow the Madison Avenue merchandising phrase. It was, from the beginning, a case of trying to keep the prospective purchasers away.

Investors (differentiating from the speculative fraternity) must be aware that there is no need to act on impulse or scurry about to acquire an equity, particularly when the issue is endowed with quality. On the basis of long-time observation, it may be stated that investor misjudgment is never so glaring as when the purchaser acts frantically.

It may be some solace to certain investors that they have, in any event, acquired shares in a top-notch company that is almost certain to prosper over the years. It can also be cause for congratulations when investors display the tempered enthusiasm that, quite frequently, results in picking up such stocks at prices sharply below those prevailing when the issue came to market.





FOR PROFIT AND INCOME

Strong

Among the better-grade stocks showing upward inclinations at this writing are Atlas Powder, Borg-Warner, Central & South West, Chesapeake & Ohio, Cities Service, Clark Equipment, Diamond Match, General Electric, Gillette, Hershey Chocolate, International Paper, Louisville & Nashville, American Can, Diamond Alkali, Kennecott, Ohio Oil, Otis Elevator, Pure Oil, Phelps Dodge, Phillips Petroleum, Socony, Standard Oil (Indiana), Standard Oil (Jersey), Union Carbide and U. S. Gypsum. Some more speculative issues currently acting well are: Celotex, Copper Range, Falstaff Brewing, Mojud, Thermoid, U. S. Industries, Dresser Industries, Filtrol, Robert Gair, U. S. Rubber, Wilcox Oil, Wilson.

Natural Gas

This figures to be another satisfactory-to-good year for the natural gas industry. Among the pipeline stocks, or integrated systems, some of the best are Consolidated Natural Gas, Mississippi River Fuel, Southern Natural Gas, Tennessee Gas, Texas Eastern and United Gas. Operating only in Southern California, Pacific Lighting is the biggest distributor. This high-quality stock is available on a 5% yield basis, and has investment merit on that count. Potentials for capital gain are limited. Oklahoma Natural Gas invites semi-investment consideration at present price of 25½. The company retails gas in over 100 Oklahoma communities, including Tulsa, and serves over 50 others at wholesale. It owns a fair amount of gas, natural gasoline and oil production, although it buys around three-quarters of all gas now handled. Profit for the fiscal year ending August 31 next probably will substantially better the prior year's record $1.80 a share. The dividend recently was raised to a $1.40 rate, from $1.20 previously. Current yield is close to 5.5%, or appreciably above the average for integrated gas-system stocks. The stock has merit for yield and possibilities for at least moderate appreciation on the order of perhaps 10% to 15%.

Rent-A-Car

The rent-a-car business has caught on in a big way in recent years. Its profit appeal is indicated by the number of automobile dealers who are jumping into this business as a sideline. Operating in some 600 U. S. communities and a number of foreign countries, the Hertz system is, by far, the biggest and best-situated, with over 15,000 cars for rent and a like number of trucks, which are mostly leased out on contract. The advantage of big-scale operation is obvious. Hertz gets a big break in quantity buying of cars; and, therefore, a break in disposing of them after limited use, thus keeping its fleet new. It gets a break on insurance. It can, and does, readily tap bank credit to finance expansion either directly or by continuing acquisitions of smaller rent-a-car concerns. The appeal to the customer, whether bent on pleasure or business, is obvious. It is convenience; and, in many cases, economy over what use of his own car (or of a car owned by his employer) would cost. The customer can fly to any one of

INCREASES SHOWN IN RECENT EARNINGS REPORTS

		1955	1954
Kennecott Copper	Year Dec. 31	$11.60	$7.20
Texas Co.	Year Dec. 31	9.57	8.24
Evans Products Co.	Year Dec. 31	4.23	.49
International Nickel of Can.	Quar. Dec. 31	1.61	1.19
International Salt Co.	Year Dec. 31	10.08	8.61
Cerro de Pasco Corp.	Year Dec. 31	6.49	2.98
American Viscose	Year Dec. 31	4.66	1.85
Timken Roller Bearing	Year Dec. 31	9.13	4.40
Fansteel Metallurgical	Year Dec. 31	3.00	1.19
Standard Oil Co. of Indiana	Year Dec. 31	4.81	3.73

numerous places, pick up a rental car arranged for in advance, drive to any one of numerous places, leave it, take another plane, pick up another car, etc. At 31½ in a 1955-1956 range of 34½-25, Hertz stock is not cheap on present earning power, but the growth rate is intriguing. The 1955 report is not out at this writing, but interim data and trends suggest a revenue gain in the vicinity of 80% and a profit gain of over 100% to the vicinity of $1.90 a share, from 1954's 87 cents. Dividends are on a $1 basis.

Low-Priced Stocks

As usual in an active and strong market, there is increasing interest in low-priced stocks. At this market level, anything around or below 30 can be considered low-priced, and few issues of any merit are available below 20. Here are some good low-priced stocks of secure-dividend, income type: Beneficial Finance, California Electric Power, Columbia Gas, Corn Products and Union Tank Car. Here are some low-priced possibilities for capital gain over a period of time: American Airlines, American Broadcasting-Paramount, Beaunit Mills, Merck, National Distillers, Sperry Rand.

What Now?

Ex-Cell-O was recommended here about eight months ago at 43½. It is now at 76½. Prospects are good, but substantially discounted. The stock is a candidate for profit-taking at present or moderately higher levels . . . Repeatedly recommended here at various lower levels, McGraw-Hill, now at 88½, has risen by another 14 points or so in the last six weeks. We would no longer urge new buying, as potential for gain is getting smaller at this level. However, the stock does not appear subject to more than technical corrections within the presently foreseeable future, it is still priced at less than 11 times likely 1956 earnings, a level around 100 would not be extreme, and a later split is possible. We would continue holding the issue . . . Our most recent recommendation of Outboard Marine was at 41 in the March 3 issue. It has since risen to 51¼ and currently reacted to 48¾. It is still priced in the vicinity of 10 times probable record 1956 earnings, and the company's growth potential remains strong. We suggest holding it or buying it on small dips . . . Pure Oil was recommended at various levels, including 35½ in June, 1955. It is now at 46. We would rather hold it, or buy it on dips, than sell it.

Others

Halliburton has been repeatedly recommended at various lower levels. At 67½, it is a sounder hold or buy than sale . . . Pepsi-Cola was recommended here at 19 in the January 22 issue of the Magazine. It now is around 25% higher. We would not buy it now, but would hold for possible further rise . . . Early in February, recommendations here included American Steel Foundries at 40 and now around 45; U. S. Plywood at 39, now at 45; and Tide Water Oil at 34, now at 40½. Each remains worth holding. On the approaching step-up in earnings which, after completion of the big new Delaware refinery, might reach $5 or so a share next year, against a bit over $3 likely for 1956, Tide Water remains among the more reasonably-priced oils . . . In our March 3 issue, National Gypsum was recommended at 48, and is now 54; American Encaustic Tiling at 14, now 17½; and Norwich Pharmacal at 49 and now at 60. We would not buy the last-named stock now, though it might go higher over a period of time. The three building-materials issues remain among the more reasonably priced in their group, and are suitable for speculative buying on minor corrective dips. So is Celotex, recommended here two weeks ago at 38 and now at 42, fractionally under the 1955-56 high.

Flying High

Those with big long-term profits in institutionally-popular growth stocks are in a comfortable position. They have no problem—if they are willing to ride through the recurrent downswings in these stocks as well as the upswings. But new buyers have a problem; and it certainly is of questionable wisdom for individuals to reach farther and farther for high-flying growth stocks which have already largely, if not fully, discounted likely earnings growth for several or more years ahead; and on which current dividend yields are a pittance. Here are some examples, with roughly estimated price-earnings ratios, based on likely 1956 profits; and roughly estimated yield potentials on possible 1956 dividends: Alcoa, 23 times earnings, yield 1.5%; Dow Chemical P-E 28, yield less than 1% (plus a possible 2% stock dividend); Minneapolis-Honeywell P-E 25, yield around 2%; Minnesota Mining & Mfg., P-E 30, possible yield 2% or less; Monsanto Chemical, P-E 20 or more, yield around 2%; Owens-Corning Fiberglas, P-E around 30, yield perhaps around 1%; Rohm & Haas, P-E around 22, yield well under 1% (plus a likely 4% stock dividend), and Scott Paper, P-E around 25, yield less than 2.5%.

Too Much?

Many investors prefer to buy or hold stocks of companies whose officers and directors have substantial stock-holdings; and are thus "in the same boat" with the outside shareholders. That ought to be just one consideration in selecting stocks. The other considerations are always more decisive. Some companies in which management holdings are large are going places, some are not. Exactly the same is true of companies with essentially professional, rather than family-dominated, management. Where family holdings are huge, the outside shareholder may be in the same "boat" with management, but he has nothing to say about where the boat is to be steered. Cash

(*Please turn to page* 49)

DECREASES SHOWN IN RECENT EARNINGS REPORTS

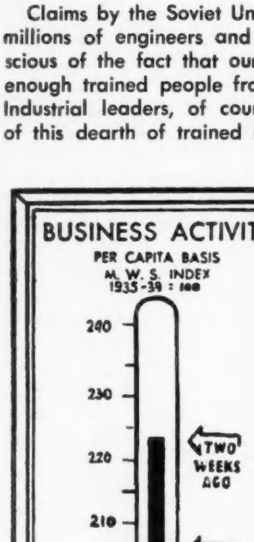
		1955	1954
Aro Equipment Corp.	Year Nov. 30	$2.05	$2.38
Elastic Stop Nut	Year Nov. 30	2.67	3.08
New York Shipbuilding	Year Dec. 31	1.43	1.96
Atlas Plywood Corp.	Quar. Dec. 31	.02	.16
Chance Vought Aircraft	Year Dec. 31	4.41	6.15
Elliott Co.	Year Dec. 31	1.38	2.67
Pet Milk Co.	Year Dec. 31	4.50	5.04
Sunshine Mining Co.	Year Dec. 31	.41	.67
United Engineering & Foundry	Year Dec. 31	.87	1.14
Real Silk Hosiery Mills	Year Dec. 31	.65	.74

The Business Analyst

WHAT'S AHEAD FOR BUSINESS?

By E. K. A.

Claims by the Soviet Union that it is turning out each year millions of engineers and technicians make Americans conscious of the fact that our own industries do not get nearly enough trained people from the college campus each year. Industrial leaders, of course, have been very much aware of this dearth of trained manpower, so vital to the expansion of our economy. They have taken to sending representatives to the colleges, in the hopes of luring some of the bright young men and women about to graduate. In addition, they been reduced to raiding each other's ranks for skilled personnel.



Nor is the lack of manpower confined to engineers and technicians. Indeed, it extends through the ranks, down to clerks, charwomen and errand boys. The truth is that there is no unemployment, in the economic sense of the word, no matter whether periodic figures list 2 million or 3 million as jobless. Seasonal workers, notably in the construction field or garment industry, may prefer to draw unemployment compensation rather than seek work elsewhere during the interval, but jobs are available all the same. These people simply elect to be idle at $30 or $36 a week.

There are also people in mill towns, where one or more plants will close down for a spell, who prefer to sit around and hope for an early resumption of operations in preference to accepting employment beyond the community environs. Here, again, jobless pay is collected and a job goes begging. It will be recalled that Charles E. Wilson, Secretary of Defense, stirred a tempest not so long ago by indicating that he preferred the venture-some type of person who was inclined to seek out work. Labor leaders made political capital of that.

The fact is that employment opportunities today are greater than ever before in the history of this country. They surpass the chances offered during wartime, for millions of jobs offered in such an economy are merely "for the duration." All of which means that ahead for business lays a long period of seeking out desirable personnel. This is no small task, as the personnel manager of any corporation of consequence will attest.

Aside from a relatively few instances, corporations don't hire good help—they make them. On-the-job training programs were never more popular—or needed.

Never was management less inclined to quibble over a wage scale in its efforts to attract promising personnel. Outside the South, there was little anxiety at the boost a month ago in the minimum wage rate to $1 hourly from 75 cents.

Employers who are paying less than $1 hourly (permissible in retail establishments and other businesses not engaged in interstate commerce) may manage to get enough help to "mind the store" but it is no secret to shoppers, for one, that this personnel leaves much to be desired in a vast number of instances. The answer, of course, is that, owing to the comparatively low wage scale, such establishments must take the leavings in a period marked by a "sellers' market" for employes. It may very well be that employers, despite the absence of governmental compulsion, will increase wages in order to attract more desirable personnel.

The problem, to be sure, in the retail trade, as a single example, is that the discount-house type of operation and the self-service store are selling "price" and de-emphasizing service. Many merchants are convinced that their customers are not sufficiently interested in the service frills to pay the added cost.

It would appear that, in contrast to another generation that left school to pound pavements for a job, young Americans today are in the enviable position of having industry compete for their services. This country has come a long way since the day when a municipal job was the prize given to a privileged few and job capabilities counted for little. It is difficult to believe that there once was a time—not long ago—when people believed: "It's not what you know, but who you know."

HIGHLIGHTS

MONEY & CREDIT—Business borrowing from the banks has been resistant to decline so far this year, despite the normal seasonal tendency for most firms to reduce their bank debts in the forepart of the year. Data from the weekly reporting member banks indicate that commercial, industrial and agricultural loans outstanding on March 7 were down only 1% from year-end figures. Furthermore, repayments by sales finance companies were the big factor in the loan reduction, with these firms cutting their bank loans by some $500 million in the first ten weeks of 1956. A good part of this decline merely represented refinancing via long-time bonds while the remainder reflected decreased credit use by consumers.

While finance companies were vigorously reducing their obligations to the banks, many other business borrowers have been expanding their credit lines since the first of the year. This tendency has been most pronounced among firms who use or produce materials which are in a strong upward price trend, indicating that inventory accumulation may be a leading factor in the increased need for funds. Coming at a time when business as a whole is in a sidewise trend, increased borrowing in certain areas may be the forerunner of over-extended commitments in stockpiles.

Fixed-income securities have been drifting lower in recent weeks and further price recession was recorded in the fortnight ending March 19. Long-term Federal obligations were down a point and more during the period while many corporate and municipal obligations registered even sharper losses. As usual, increased investor caution was most clearly reflected in the new issue market. Although the calendar was light, borrowers found that they were forced to grant higher yields than they had expected. In the tax-exempt field, numerous syndicates which had brought out flotations in recent weeks, either cut prices vigorously on slow moving inventory or decided to let their securities find a lower level in the open market. Further test of investor receptivity is to be expected in the second half of this month, when corporate financing is scheduled for a big expansion.

Main reason for current investor retreat from fixed income obligations is the growing conviction that no early business downturn is in sight. In fact, with some evidences of more stable conditions for autos and housing, coming to hand, it is argued in some quarters that increased plant and equipment spending will result in an upturn for business as a whole. Sponsors of this argument may not be giving enough attention to the state of inventory accumulation, which is rising currently, but, as mentioned earlier, is in danger of becoming top-heavy in the not too distant future.

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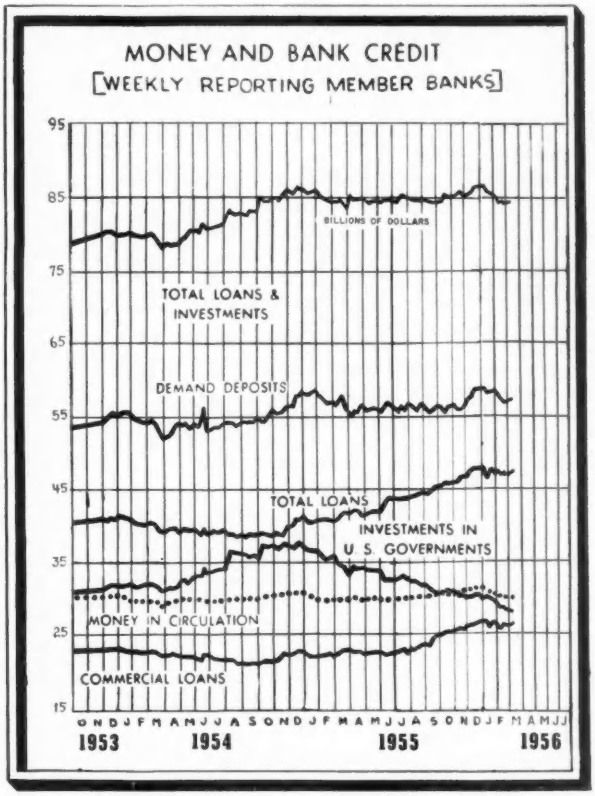

TRADE—Retail sales in the first half of March were making a good comparison with year ago results, but this year's early Easter made interpretation of the figures a difficult task.

February sales provided no cause for cheering, with the seasonally adjusted total 2% under January, although still 4% ahead of a year earlier. Both durables and soft goods were in lesser demand last month, in contrast to the better trend of nondurables in recent months.

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INDUSTRY—The Federal Reserve Board's seasonally adjusted index of industrial production was unchanged in February, holding at 143% of the 1947-1949 average. At this level, the indicator was one point under the peak reached in December. Output of consumer durables declined further in February, mainly the result of reduced auto output, but mineral production was somewhat

(Please turn to following page)

Essential Statistics

	Date	Latest Wk. or Month	Previous Wk. or Month	Year Ago	Pre-Pearl Harbor*
MILITARY EXPENDITURES—$b (e)	Jan.	3.1	3.4	3.1	1.6
Cumulative from mid-1940	Jan.	614.9	611.8	574.8	13.8
FEDERAL GROSS DEBT—$b	Feb. 28	280.0	279.7	278.2	55.2
MONEY SUPPLY—$b					
Demand Deposits—94 Centers	Mar. 7	56.4	56.2	56.7	26.1
Currency in Circulation	Mar. 14	30.2	30.2	29.8	10.7
BANK DEBITS—(rb)**					
New York City—$b	Jan.	67.6	68.7	60.8	16.1
343 Other Centers—$b	Jan.	114.3	109.6	97.8	29.0
PERSONAL INCOME—$b (cd2)	Dec.	315.0	312.0	293.4	102
Salaries and Wages	Dec.	216	215	199	99
Proprietors' Incomes	Dec.	50	50	49	23
Interest and Dividends	Dec.	30	28	27	10
Transfer Payments	Dec.	17	17	17	10
(INCOME FROM AGRICULTURE)	Dec.	15	15	15	3
POPULATION—m (e) (cb)	Jan.	166.7	166.5	163.9	133.8
Non-Institutional, Age 14 & Over	Jan.	118.1	118.0	116.9	101.8
Civilian Labor Force	Jan.	65.8	66.6	63.5	55.6
Armed Forces	Jan.	2.9	2.9	3.2	1.6
unemployed	Jan.	2.9	2.4	3.3	3.8
Employed	Jan.	62.9	64.2	60.2	51.8
In Agriculture	Jan.	5.6	5.9	5.3	8.0
Non-Farm	Jan.	57.3	58.3	54.9	43.2
Weekly Hours	Jan.	40.9	41.2	41.3	42.0
EMPLOYEES, Non-Farm—m (b)	Jan.	49.5	51.3	47.7	37.5
Government	Jan.	7.0	7.3	6.8	4.8
Trade	Jan.	10.8	11.7	10.4	7.9
Factory	Jan.	13.2	13.5	12.5	11.7
Weekly Hours	Jan.	40.6	41.3	40.2	40.4
Hourly Wage ($)	Jan.	1.93	1.93	1.84	0.66
Weekly Wage ($)	Jan.	78.36	79.71	73.97	21.33
PRICES—Wholesale (lb2)	Mar. 13	112.5	112.4	110.0	66.9
Retail (cd)	Dec.	208.1	208.2	207.6	116.2
COST OF LIVING (lb2)	Jan.	114.6	114.7	114.3	65.9
Food	Jan.	109.2	109.5	110.6	65.9
Clothing	Jan.	104.1	104.7	103.3	59.5
Rent	Jan.	131.4	131.1	129.5	89.7
RETAIL TRADE—$b**					
Retail Store Sales (cd)	Jan.	15.7	15.8	14.9	4.7
Durable Goods	Jan.	5.5	5.7	5.1	1.1
Non-Durable Goods	Jan.	10.2	10.1	9.7	3.6
Dep't Store Sales (mrb)	Jan.	0.93	0.92	0.89	0.34
Consumer Credit, End Mo. (rb)	Jan.	35.6	36.2	29.8	9.0
MANUFACTURERS'					
New Orders—$b (cd) Total**	Jan.	28.2	29.3	24.6	14.6
Durable Goods	Jan.	14.8	15.6	12.1	7.1
Non-Durable Goods	Jan.	13.4	13.7	12.5	7.5
Shipments—$b (cd)—Total**	Jan.	27.1	27.3	24.3	8.3
Durable Goods	Jan.	13.6	13.7	11.9	4.1
Non-Durable Goods	Jan.	13.5	13.6	12.4	4.2
BUSINESS INVENTORIES, End Mo.**					
Total—$b (cd)	Jan.	82.6	82.1	76.9	28.6
Manufacturers'	Jan.	46.2	45.9	43.2	16.4
Wholesalers'	Jan.	12.3	12.3	11.5	4.1
Retailers'	Jan.	24.1	23.9	22.2	8.1
Dept. Store Stocks (mrb)	Jan.	2.7	2.6	2.5	1.1
BUSINESS ACTIVITY—1—pc	Mar. 10	223.8	224.5	206.3	141.8
(M. W. S.)—1—np	Mar. 10	287.6	288.4	259.8	146.5

PRESENT POSITION AND OUTLOOK

(Continued from page 33)

higher. Most industrial sectors were little changed from levels of the previous month.

——o——

COMMODITIES—The Bureau of Labor Statistics' index of spot prices of 22 leading commodities rose 0.9% in the two weeks ending March 16, to close at 89.6% of the 1947-1949 average. Major components of the index were higher, with the sole exception of textiles, which eased 0.6%, rounding out four weeks of decline. Biggest gain was a 2.2% advance for the metals group. Raw foods added 1.2%, industrial materials were up 0.7%, livestock advanced 1.0% and fats and oils gained 0.6%.

——o——

Outlays for **NEW PLANT AND EQUIPMENT** are in a sharp uptrend, according to a joint survey by the Securities and Exchange Commission and the Commerce Department, conducted early this year. Businessmen estimated at the time that spending for this purpose would rise to $33.2 billion, at seasonally adjusted annual rates, in the first quarter of this year, well ahead of the $31.5 billion rate of the previous quarter. An even bigger jump is scheduled for the second quarter, with the rate advancing to $35.3 billion. A leveling off in the rate of gain is envisaged for the second half of the year. Biggest increases in capital spending in the first six months are planned by manufacturers of iron and steel, nonferrous metals and motor vehicles. If expenditures do rise as scheduled, this will be an important contributor to continued good business.

* * *

NEW CONSTRUCTION activity declined a seasonal 5% in February, with outlays for the month coming to $2,705 million. On a seasonally adjusted annual basis, the rate of building in February was unchanged from the previous month and no higher than a year ago. Residential building was a weak spot last month, declining 9% from January to reach the lowest level since April, 1954.

and Trends

	Date	Latest Wk. or Month	Previous Wk. or Month	Year Ago	Pre-Pearl Harbor*
INDUSTRIAL PROD.—la np (rb)	Feb.	143	143	133	93
Mining	Feb.	131	130	123	87
Durable Goods Mfr.	Feb.	159	160	147	88
Non-Durable Goods Mfr.	Feb.	129	129	121	89
CARLOADINGS—t—Total	Mar. 10	698	711	667	933
Misc. Freight	Mar. 10	373	378	365	379
Mdse. L. C. I.	Mar. 10	63	64	65	66
Grain	Mar. 10	45	46	44	43
ELEC. POWER Output (Kw.H.) m	Mar. 10	11,133	11,199	9,726	3,266
SOFT COAL. Prod. (st) m	Mar. 10	9.5	9.9	8.4	10.8
Cumulative from Jan. 1	Mar. 10	100.2	90.7	87.4	44.6
Stocks, End Mo.	Jan.	65.9	68.4	65.9	61.8
PETROLEUM—(bbls.) m					
Crude Output, Daily	Mar. 9	7.2	7.2	6.8	4.1
Gasoline Stocks	Mar. 9	196	195	183	86
Fuel Oil Stocks	Mar. 9	35	36	45	94
Heating Oil Stocks	Mar. 9	70	72	64	55
LUMBER, Prod.—(bd. ft.) m	Mar. 10	236	242	263	632
Stocks, End Mo. (bd. ft.) b	Dec.	8.7	8.6	9.2	7.9
STEEL INGOT PROD. (st) m	Jan.	10.8	10.5	8.8	7.0
Cumulative from Jan. 1	Jan.	10.8	117.0	8.8	74.7
ENGINEERING CONSTRUCTION AWARDS—$m (en)	Mar. 15	649	414	375	94
Cumulative from Jan. 1	Mar. 15	4,792	4,144	3,486	5,692
MISCELLANEOUS					
Paperboard, New Orders (st)t	Mar. 10	286	379	254	165
Cigarettes, Domestic Sales—b	Nov.	32	33	29	17
Do., Cigars—m	Nov.	581	551	554	543
Do., Manufactured Tobacco (lbs.)m.	Nov.	18	17	16	28

PRESENT POSITION AND OUTLOOK

However, recent improvement in residential contract awards, augurs at least a cessation of decline for this sector in the near future. Private non-residential building in February was virtually unchanged from January although railroad construction fell 7%. Public construction had a seasonal drop last month and was running about 1% under levels of a year ago. Highway building held up well, with a 10% gain over February, 1955.

* * *

New orders for **FREIGHT CARS** declined to 1,675 units in February, compared with 1,818 the previous month. This is a far cry from the better than 40,000 a month ordering rate of late 1955. Freight car deliveries were higher last month, at 4,881 units, versus 4,119 cars delivered in January and 2,422 a year ago. With deliveries topping new orders, backlogs declined but were still a high 141,437 units on March 1. This contrasts with unfilled orders for only 18,663 freight cars on the books a year ago.

b—Billions. cb—Census Bureau. cd—Commerce Dept. cd2—Commerce Dept., seasonally adjusted monthly totals at annual rate, before taxes. cdlb—Commerce Dept. (1935-9—100), using Labor Bureau and other data. e—Estimated. en—Engineering News-Record. I—Seasonally adjusted index (1935-9—100). la—Seasonally adj. index (1947-9—100). lb—Labor Bureau. lb2—Labor Bureau (1947-9—100). lb3—Labor Bureau (1935-9—100). lt—Long tons. m—Millions. mpt—At mills, publishers and in transit. mrb—Magazine of Wall Street, using Federal Reserve Board Data. np—Without compensation for population growth. pc—Per capita basis. rb—Federal Reserve Board. rb3—Federal Reserve Bank of N. Y.—1941 data is for 274 centers. st—short tons. t—Thousands. *—1941; November, or week ended December 6. **—Seasonally adjusted.

THE MAGAZINE OF WALL STREET COMMON STOCK INDEXES

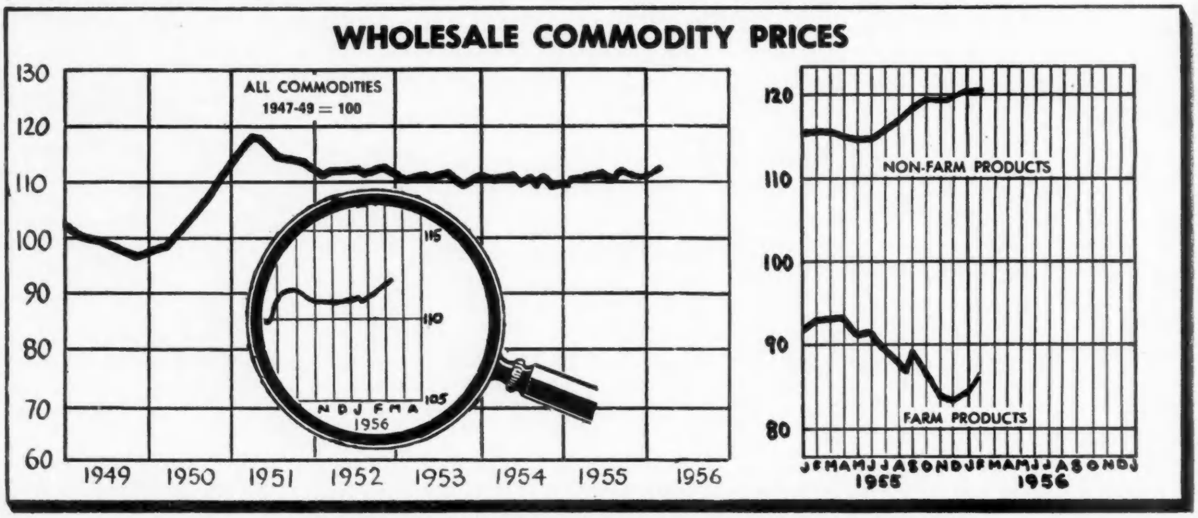
No. of Issues (1925 Cl.—100)	1955-56 Range High	Low	1956 Mar. 9	1956 Mar. 16
300 Combined Average	345.6	282.0	343.4	345.6H
4 Agricultural Implements	348.7	264.9	294.4	297.7
3 Air Cond. ('53 Cl.—100)	116.0	87.0	107.8	106.8
9 Aircraft ('27 Cl.—100)	1205.5	871.7	1148.4	1148.4
7 Airlines ('27 Cl.—100)	1263.6	971.2	1075.6	1117.4
4 Aluminum ('53 Cl.—100)	414.8	191.1	407.4	414.8H
6 Amusements	180.6	147.0	164.4	161.3
9 Automobile Accessories	368.6	308.3	366.6	370.1
6 Automobiles	55.8	44.3	52.2	51.2
4 Baking ('26 Cl.—100)	30.6	27.8	28.7	28.7
3 Business Machines	992.5	657.4	956.7	992.5H
6 Chemicals	616.4	466.6	610.4	616.4H
4 Coal Mining	22.5	14.8	22.0	22.1
4 Communications	116.6	100.7	114.3	112.2
9 Construction	129.1	106.4	127.9	129.1H
7 Containers	792.7	675.1	785.1	792.7H
7 Copper Mining	361.3	222.2	349.4	361.3H
2 Dairy Products	127.0	111.7	115.2	120.0
6 Department Stores	100.2	80.0	90.9	91.8
5 Drugs-Eth. ('53 Cl.—100)	182.5	129.6	182.5	182.5
6 Elec. Eqp. ('53 Cl.—100)	206.2	151.3	202.6	206.2H
2 Finance Companies	651.1	565.1	595.8	607.7
6 Food Brands	300.6	256.2	298.7	295.7
3 Food Stores	167.2	137.7	167.2	164.0

(Nov. 14, 1936 Cl.—100)	High	Low	1956 Mar. 9	1956 Mar. 16
100 High Priced Stocks	231.6	180.6	228.6	231.6H
100 Low Priced Stocks	411.1	343.5	411.1	409.3
4 Gold Mining	882.7	649.1	845.7	838.2
4 Investment Trusts	163.4	140.8	160.2	163.4H
3 Liquor ('27 Cl.—100)	1155.7	961.3	1076.2	1066.1
9 Machinery	428.2	317.7	428.2	420.5
3 Mail Order	234.1	159.3	215.1	215.1
4 Meat Packing	155.9	112.8	155.9	150.5
5 Metal Fabr. ('53 Cl.—100)	202.0	155.9	200.1	202.0H
10 Metals, Miscellaneous	452.3	358.2	452.0	452.0
4 Paper	1154.8	767.1	1112.8	1154.8H
22 Petroleum	782.3	590.0	768.5	782.3H
21 Public Utilities	261.5	234.8	261.5	261.5
7 Railroad Equipment	93.3	73.4	93.3	93.3
20 Railroads	78.2	64.7	77.4	78.2H
3 Soft Drinks	565.7	459.9	544.8	528.9
12 Steel & Iron	324.4	219.2	311.9	324.4H
4 Sugar	68.8	56.1	63.1	64.4
2 Sulphur	964.0	813.2	932.0	922.8
11 Television ('27 Cl.—100)	47.3	40.1	44.5	44.5
5 Textiles	188.9	148.4	184.4	175.2
3 Tires & Rubber	195.5	137.8	193.7	195.5H
5 Tobacco	95.7	81.9	93.9	92.9
2 Variety Stores	315.0	286.9	293.0	298.8
15 Unclassif'd ('49 Cl.—100)	158.1	141.9	153.8	153.8

H—New High for 1955-1956.

Trend of Commodities

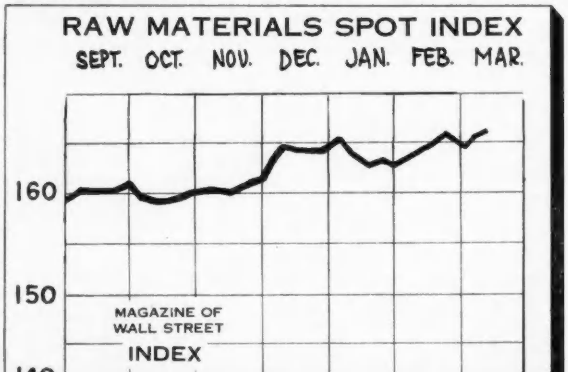
Grain futures were a feature of commodity trading in the two weeks ending March 20, while cotton was slightly higher. Coffee and cocoa were lower, accounting for a drop of 0.59 points by the Dow-Jones Commodity Futures Index. May wheat added 6⅜ cents in the period under review to close at 222⅜. The near-term March option, which expired on March 20, was the scene of wide short-covering moves with the result that it ran up 9⅞ cents on the final day of trading. Senate passage of the new farm bill, providing for increased supports on wheat and corn, was a bullish factor. However, threat of a Presidential veto looms in the background. The weather remains an important price influence. Subsoil moisture is deficient in the Southwest and could hobble yields in that area. Export sales have improved and prospects of a small Argentine crop should bolster foreign demand for our product. May corn advanced 4¾ cents in the fortnight ending March 20 to close at 138¼. Country offerings have been light but increased export inquiry was reported late in the period. Large movements of the feed grain into the loan are the main price-bolstering influence and the Department of Agriculture is planning to increase its storage facilities to take care of the increase in grains going under supports. May cotton added 14 points in the period under review to close at 35.53. Repossessions of cotton from the 1955 loan continue large while new entries have declined, increasing the free supply. Cotton mills have reduced their buying in recent weeks, in line with slower consumer demand. Order backlogs of the mills are still not low, but they are declining rather rapidly and mills may have cut production before long.



U. S. DEPARTMENT OF LABOR INDEX OF 22 BASIC COMMODITIES
Spot Market Prices — 1947-1949, equals 100

	Date Mar. 16	2 Wks. Ago	3 Mos. Ago	1 Yr. Ago	Dec. 6 1941
22 Commodity Index	89.6	88.8	89.7	88.6	53.0
9 Foodstuffs	76.9	76.0	74.3	86.0	46.5
12 Raw Industrial	99.5	98.8	102.0	90.4	58.3

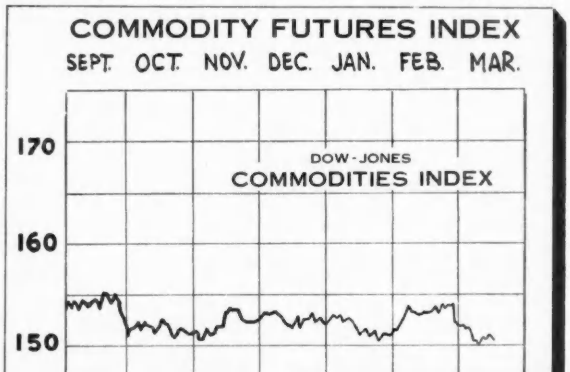
	Date Mar. 16	2 Wks. Ago	3 Mos. Ago	1 Yr. Ago	Dec. 6 1941
5 Metals	128.6	125.9	129.0	104.9	54.6
4 Textiles	80.5	81.1	80.2	85.5	56.3
4 Fats & Oils	66.4	66.0	62.3	63.3	55.6



14 Raw Materials, 1923-25 Average equals 100

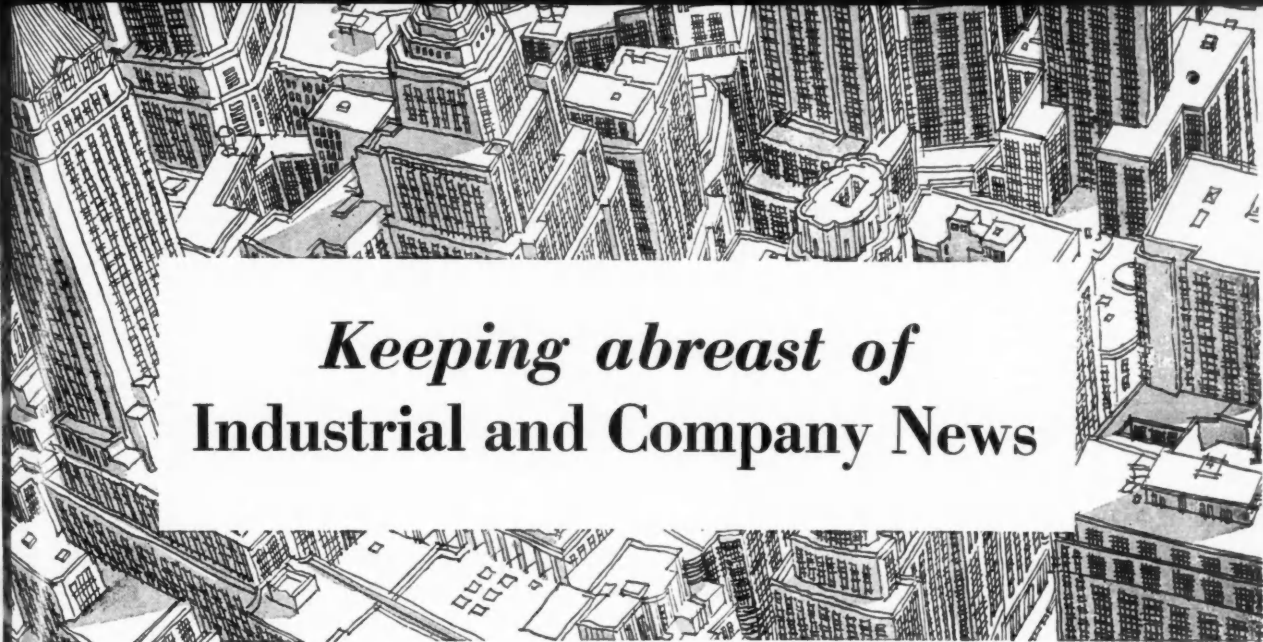
Aug. 26, 1939—63.0 Dec. 6, 1941—85.0

	1955-6	1954	1953	1951	1945	1941	1938	1937
High	165.9	154.4	162.2	215.4	117.7	88.9	57.7	86.6
Low	153.6	147.8	147.9	176.4	98.6	58.2	47.3	54.6



Average 1924-26 equals 100

	1955-6	1954	1953	1951	1945	1941	1938	1937
High	173.6	183.7	166.5	214.5	95.8	74.3	65.8	93.8
Low	150.4	167.3	153.8	174.8	83.6	58.7	57.5	64.7



Keeping abreast of Industrial and Company News

Ne tional Biscuit Co., giant of the baking field, has lot of unhappy stockholders. Although the 50-cent uarterly dividend on the common continues to be aid, the issue has gone nowhere in this long-time uoyant stock market. True, sales have continued heir steady growth, reaching a record $389.6 million st year, a climb of 3.5% from 1954. Earnings, owever, fell 8.2% from the 1954 figure, working ut to $2.59 a share of common stock from $2.85 1954. Nabisco blames stepped-up advertising-romotion expenses incident to marketing its new romedary line of cake mixes and additional ex-ense incurred in launching its new special products ivision for the distribution of cereal and pet-food ems. In the next few weeks the company will be eporting for the first quarter of 1956, which should how another rise in sales but, more important, a ump from the 56 cents per share registered in the ke quarter of 1955. Reason: New divisions making more substantial contribution to overall sales while romotional costs have been pared.

Rockwell Manufacturing Co. has few, if any un-appy investors among its approximate 12,000 stock-olders. That diversified producer of such products power tools, meters, regulators and valves for a ide range of industry has increased the dividend. ith the 55 cents disbursed to shareholders this onth, the annual rate was upped to $2.20 from $2 eviously. It also was Rockwell's 68th consecutive sh dividend. As recently as 1947, the payout was cents. The year just ended was excellent from ery standpoint: Net rose 20% to $6,795,000, or .61 a share, from $5,724,000, equal to $3.04 a are in 1954. Sales jumped 8.6% to $83,035,000, mpared with $76,470,000 a year earlier. The order cklog increased approximately 75% during the ar. Incoming orders for the final quarter were at annual rate of more than $100 million, 25% tter than the corresponding period of 1954. And e 1956 outlook is bright: Orders continue at a gh rate.

Burroughs Corp. has been moving along with the ng-time uptrend in the fortunes of the office-equipment manufacturers. Revenues from world-wide operations of Burroughs and its subsidiaries reached a new high of $218,592,000 in 1955, increase of 29% from the 1954 figure of $169,099,000. Earnings from world-wide operations were $12,150,000, or $2.19 a share in 1955. All 1955 figures include for the full year operations of the Todd Co. of Rochester, N. Y., and the Charles R. Hadley Co. of Los Angeles, both acquired as wholly-owned subsidiaries last year. In 1954, exclusive of Todd and Hadley operations, earnings from Burroughs' world-wide operations were $9,147,000, or $1.83 a share.

Spencer Chemical Co. has an enviable growth record. Sales in 1948 were less than $12 million. They have moved up in every year since then, reaching $36,155,000 in 1955. Net profit, over the same span, has risen to $5,118,000 in 1955 from $2,311,000 in 1948. Earnings per common share totaled $4.04 last year, against $4.20 a year earlier. Slightly lower net in 1955 was due, in large measure, to non-recurring expenses of assembling and training polyethylene sales, technical and production forces in advance of commercial output. These expenses, combined with the cost of plant start-up at Orange, Tex., exceeded the modest initial polyethylene sales by about $1.4 million. Increase in sales and gross income from Spencer's other products, however, was significant and together with a smaller tax provision almost offset these extraordinary charges. Net for the year was only $169,000 less than in 1954. Paying 60 cents quarterly and selling around 67, the common yields about 3.6%.

Armco Steel Corp. feels "many factors point toward 1956 as a year in which another steel record will be set." At the same time, the company is not forecasting full-tilt operations because of normal seasonal declines for some consumer products. All in all, Armco is optimistic about the future. Its current $110 million expansion program calls for a 20.4% rise in its steelmaking capacity by early 1958. This would boost Armco rated ingot capacity to 6.2 million tons, 91.5% higher than at the end of World War II. *(Please turn to page* 56)

Answers to Inquiries

The Personal Service Department of THE MAGAZINE OF WALL STREET *will* answer by mail or telegram, a reasonable number of inquiries on any listed securities in which you may be interested or on the standing and reliability of your broker. The service in conjunction with your subscription should represent thousands of dollars in value to you. It is subject only to the following conditions:

1. Give all necessary facts, but be brief.
2. Confine your requests to *three listed securities at* reasonable intervals.
3. No inquiry will be answered which does not enclose *stamped, self-addressed envelope.*
4. No inquiry will be answered which is mailed in our postpaid reply envelope.
5. Special rates upon request for those requiring additional service.

Allis-Chalmers Manufacturing Co.

"I am particularly interested in securities that propose stock splits. As Allis-Chalmers has proposed a stock split recently, will you please present recent data on the company?"

E. L., Menlo Park, Calif.

Allis-Chalmers Manufacturing Co. is the third largest producer of farm equipment and heavy electrical apparatus, and an important maker of road-building and earth-moving machinery.

Sales of $535,069,085, the highest in the history of Allis-Chalmers and exceeding those of 1954 by $42,000,000, were reported by the company.

Net earnings were at a second high record, amounting to $24,805,326. This amounted to $6.05 per share of common stock. These latest earnings were based on 3,944,362 shares outstanding against $7.20 in 1954, when 3,475,377 shares were outstanding. Dividends in 1955 were at the $1 quarterly rate and this rate has continued in the current year.

Capital expenditures of $15.4 million in 1955 were approximately $5 million more than the previous year. Total assets at yearend 1955 were $445,702,067 against $410,575,188 on December 31, 1954.

Fourth-quarter sales billed in 1955 amounted to $138,523,993. Sales for the same period in 1954 amounted to $116,384,174. Profits for the fourth quarter of the year amounted to $6,658,809, compared with $6,806,961 for the same quarter in 1954. This was equal to $1.64 per share of common stock, compared with $1.85 in 1954.

The backlog of unfilled orders at the end of 1955 was over $157 million, up $33 million from the end of the preceding year. Bookings of orders since the first of the year have been active.

Defense business amounted to $60 million in 1955, down $10 million from the previous year. These figures do not reflect the $13 million order recently received from the Marine Corps to build the new weapon called "Ontos".

While 1955 was, in most instances, a record-breaking year, the company feels that 1956 has good prospects for approaching last year's performance.

For the future, great activity is promised in many of the industries that the company serves. The stepped-up highway program, expansion of capacity in steel, cement, mining, chemical and petroleum industries, steady growth in generating capacity and usage of electricity, further mechanization in manufacturing and agriculture—all present opportunities for the company.

Stockholders are to vote May 2 on changing authorized common stock from 5,000,000 $20 p shares to 12,500,000 $10 p shares to provide a 2-for-1 spl of 3,944,362 outstanding shar Company has no immediate pla for issuance of additional shar

Industrial Rayon Corp.

"As I am retired, I am interested stocks that yield an adequate inco return and where prospects con in favorable. My broker has mention Industrial Rayon Corp. Will you ple supply recent data on the company?"

C. M., Syracuse, N.

Industrial Rayon Corp. r ported an increase of 45% in n earnings in 1955 and also a ne high in sales.

Sales for the year total $83,658,000 which compares wi $65,916,000 in 1954 and excee by almost 20% the previous re ord high attained in 1953.

Net income for 1955 was $1 681,000, which compares wi earnings of $7,405,000 in 195 Net income per share in 1955 w $5.77, compared with $4.01 1954. Working capital increas $5,572,000 in 1955 to a total $40,010,000 and net worth i creased $5,367,000 during t year to $77,105,000.

The record sales figure result from good demand througho the year for all of the company rayon products. Operations of t company's rayon tire-cord div sion were practically at capaci in 1955 and improvement in shi ment of rayon textile yarn w considerably above that exper enced generally in the industr Sales of the company's Spun rayon-knitted fabric also showe an increase in 1955.

The company now is producin an improved higher strengt rayon-tire yarn. Intensive r search activity is being directe toward the development of met ods of producing even bette types of tire rayon at satisfactor economic levels.

Real progress was made durin the year in improving the prope

(*Please turn to page* 55)

An Appraisal of Backlogs

(*Continued from page* 15)

Steel: The steel industry has short-term backlogs on finished steel equal to about three to six months' output. But this situation could change quickly. Customers' inventories have been steadily rising. This is a source of concern. For history shows that such inventory-accumulation can quickly change to inventory-cutting. Much of the inventory building is in anticipation of labor trouble in steel beginning July 1st.

If there is no strike July 1st, as the result of a peaceful settlement of the C.I.O. steelworkers' demands, it is very likely that inventory-building will stop, and that some consumers might even decide to reduce steel stocks, in expectation of a letdown in business during the latter half of the year.

In such an inventory-cutting trend, some steel-makers would make out better than others. Producers of plates and structural shapes, for example, would do better for a time, because the unsatisfied demand for such finished steel products is larger than on strip, sheets and other light steel. Colorado Fuel & Iron, Alan Wood, Lukens Steel and Bethlehem have large orders for plates and shapes and could book even more, from makers of freight cars, machinery, etc. The big school, road and public works construction programs mean that the demand for structural shapes will be large for several years. In effect, these programs represent backlogs of unfinished demand which will bolster the production of heavier finished steel products during the next few years, regardless of fluctuations which may appear in the lighter finished steels.

Shipbuilding: Backlogs of shipbuilders are beginning to move up. Bethlehem has booked orders for several large ships since the beginning of this year. Newport News and others also are getting better orders, pointing to stabilization of production at a higher level.

Aircraft Manufacturers: The aircraft industry has truly enormous backlogs. In some cases volume on the books is equal to more than two years' output at current production levels. These backlogs are largely contingent on defense spending being maintained, but the more aggressive companies have acquired substantial civilian backlogs, too. Douglas Aircraft, for example, had a backlog of $2.1 billion on January 1, 1956, of which $1 billion was for commercial liners—an all-time high in the history of civil aviation.

The Douglas combined civil-defense backlog was equal to nearly 2½ times last year's sales of $867 million. The backlog today includes a larger proportion of civilian business than ever before during a period of high production.

Similarly, Lockheed Aircraft had a backlog of $1,219,000,000 at the end of last year, of which commercial business represented $384 million. United Aircraft had a backlog of $1.4 billion, or a little more than it had a year earlier.

Many producers of civilian products, including General Motors, Chrysler, Ford, General Electric, Avco, American Machine & Foundry, Studebaker-Packard, Mack Trucks and Thompson Products have good backlogs of defense orders which will help cover the companies' overhead. In some cases, the defense orders can play an important part in the company's annual earnings. Daystrom and Thompson Products reported a decline in net profit last year, largely because of the slump in their defense business during 1955. Avco's net earnings would have been far lower in 1955 but for the company's defense business. Unfortunately, many companies do not give complete reports of defense backlogs, as distinguished from civilian backlogs, and it is therefore difficult to tell to what extent the company's future operations will be dependent on defense volume.

One of the most important aspects of the defense volume is that research and development work done in this field is often of an advanced nature that can subsequently be turned to good advantage in the civilian field. The aircraft industry is a good example of the subsidiary values of an active defense research program that is financed by the Government.

Paper: The paper industry currently has excellent backlogs, particularly in newsprint, kra paper, white paper and pape board. As a result, the indust appears to be assured of an e cellent year, even if general bu ness slows down a bit in the se ond half. But the industry expanding its capacity substa tially, and this may mean th such backlogs will disappear, eve if over-all volume is larger th in 1955.

The disappearance of a backl under those conditions does n necessarily mean that an industr is about to enter a slump. A dynamic growth industry mu expand its capacity to keep pa with the rising demand. To fa to do so would mean a loss of bus ness to competing materials. the case of paper, failure to e pand would not merely mean loss of opportunity to make mo money; but it would assist th plastics, aluminum, burlap an other competing industries to g a larger share of the total co tainer market.

The paper industry cannot te exactly when its increased capac ity will be needed. But it must b prepared to take care of the d mand even if the latter may be little slow developing. To giv too much attention to backlog and shortages, therefore, partic larly in growth lines, would be mistake. In such cases, the im portant thing to watch is not onl whether the demand is strong an growing, but whether the in dustry is getting its full share growth, in the area of business which it operates.

Cement: Cement is, to some ex tent, in the same position a paper. Last year there wer cement shortages. There will b some shortages this year, but n as many as last year, because th industry is expanding.

The cement industry has a hug backlog, but it is hard to calcula it. The backlog consists of the va unfilled needs for roads, school hospitals and other building Over the next 10 years, the Fe eral Government alone has pr jected a $50 billion highwa program. Even if only half such a program is undertaken, will mean a rise of at least 3 million barrels a year in cemen requirements.

Similarly, new backlogs ar being created for cement an other building materials by th

(*Please turn to page* 42)

Allegheny Ludlum Reports Peak Sales, Earnings

Modernization and Expansion Get Substantial Credit

PITTSBURGH—Allegheny Ludlum Steel Corporation has credited a ten-year modernization program with expanding capacity and improving both production methods and quality of product. These expansions and improvements, corporation management states, have led to record sales and earnings in 1955.

Earnings substantially larger

Cost reductions and improved profit margins resulted in net earnings of $14,985,660, or $8.25 per share of common stock, after preferred dividends. This compares favorably with last year's earnings of $4,246,083.

Financial position improved

Working capital was strengthened in 1955, officials state, and debt was reduced. Elimination of preferred stock has simplified Allegheny Ludlum's capital structure.

Capital outlays continue

Demand for AL stainless, silicon, and other specialty steel products continues to grow, making continued outlays for expanded facilities essential.

Newer metals emphasized

A rising emphasis being placed on metals such as titanium and zirconium, and a new AL technique for remelting alloys under vacuum, are leading to important diversification. Credit for these goes to expanded research efforts.

Employee development

Programs for organizational and employee development are meeting new administrative demands of this growing company, officers say.

Large order backlogs

Outlook for 1956 operations appears bright. Order backlogs are large and over-all demand and production remain at near peak levels, the company points out. New facilities will add further efficiency and productivity.

Cooperation recognized

Officers and directors, recognizing the difficulties under which everyone has worked during this ten-year period of growth, praised the loyalty and cooperation of employees and the interest and support of investors.

REPORT IN BRIEF	1955
Sales and Revenues	$255,587,054
Depreciation and Amortization	$10,861,722
Federal Income Taxes	$16,554,000
Net Earnings	$14,985,660
Earnings per Share of Common Stock (After Preferred Dividends)	$8.25
Net Earnings to Sales and Revenues	5.86%
Return on Stockholders' Investment	16.49%
Dividends, Preferred Stock	$325,906
Dividends, Common Stock	$4,030,086
Dividends per Common Share—in Cash	$2.35
Working Capital at December 31	$48,721,490
Long Term Debt	$30,276,000
Stockholders' Equity (Net Worth)	$90,849,921
Net Worth per Common Share*	$48.82
Capital Expenditures	$7,297,000
Stock Outstanding at December 31	
Common	1,777,706
**Preferred	40,572
Number of Employees at December 31	14,778
Number of Common Stockholders at December 31	14,950

*After allowance for preferred stock equity.
**Redeemed or converted by January 16, 1956.

for additional information write for copy of our 1955 Annual Report to Stockholders

ALLEGHENY LUDLUM STEEL CORPORATION

2020 OLIVER BUILDING — PITTSBURGH 22, PA.

WSW 6065

An Appraisal of Backlogs

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growth of population. The higher birth rate during the 1940's will create a huge demand for homes during the 1960's. It is estimated that construction of two million homes a year will be needed by the mid-1960's.

Summary of Situation

Summarizing the backlog situation, it appears that there are several different categories of industries at the present moment. In capital goods—machinery and machine tools of all kinds—backlogs are two to six times what they were a year ago, and the trend still is upward. Orders booked in the first quarter of 1956 were from 25% to 400% larger than in the first quarter of last year. Production and shipments are rising; hence, these capital-goods companies should make more money this year than in 1955. For some, the change will be dramatically better; machine-tool companies that lost money in 1955 will emerge from red ink to make handsome profits this year. But capital-goods companies are traditionally "feast or famine" units and they must be prepared for such lightning changes of fortune, unless they can diversify their operations.

Defense industries, too, are well fortified with unfilled orders as the "cold war" continues.

A third category of companies —paper, cement and other raw materials—would have substantially larger backlogs but for the fact that they are expanding their capacity rapidly.

A fourth category includes the durable consumer-goods industries, particularly autos, television sets, appliances and housewares. In these industries, capacity has already been greatly expanded, competition is intense and backlogs are non-existent. In fact, in autos, inventories in the hands of dealers have risen substantially and as a result, production has had to be cut back. The corrective process may require auto and TV producers to keep production lower than last year, but appliance companies that are well-managed may still show a gain in sales and earnings this year, in spite of keen competition.

A fifth category includes the steel industry, where backlogs are deceptively large. Consumer inventories of steel have been growing, and if a steel strike is avoided this Summer, a move to cut steel inventories by consumers may get underway, which could mean reduced operations for the major steel producers in the third quarter. If, however, a steel strike occurs, and lasts for over a month, new backlogs of demand will be created that will keep the steel industry operating at a good rate for the rest of the year. —END

Pocahontas Roads in New Growth Period

(*Continued from page* 24)

show that the road during last January delivered to its Lambert Point facilities at Norfolk in excess of 1.3 million tons of coal, an increase of 130 per cent over January, 1955, dumpings of 581,628 tons. The uptrend continued through February with coal unloadings by N & W in the first 28 days amounted to 1,034,762 tons, or 81.9 per cent greater than in the like month of 1955.

Since 1945, Norfolk & Western's expenditures for new equipment, equipment betterments, as well as additions and improvements to fixed properties has totaled approximately $226 million, the entire program being financed without borrowing any money. At the end of last year, it had cash and temporary cash investments totaling more than $70 million which together with other items brought current assets up to $107.1 million while current liabilities amounted to only $49.2 million.

N & W, whose dividend record goes back without interruption to 1901, has made payments at a $3.00 annual rate over the last several years, supplementing regular quarterly payments with a year-end extra. At the 1955 year-end the extra distribution amounted to 75 cents, bringing total payments for the year to $3.75 a share, a conservative payout which certainly should be duplicated this year, if not moderately increased. At the stock's current price around 67, the yield on dividends of $3.75 annually is just under 5.6%, an attractive return on this high quality rail issue.

The Virginian Railway, although one of the smallest of the Pocahontas carriers, has close relationship with large consuming outlets which provide substantial and ready markets for bituminous coal hauled over its lines, the main trackage of which extends in a southerly direction from Deepwater, W. Va., where it connects with the New York Central System, through the bituminous coal fields of southern West Virginia, and thence across Virginia to a point on Hampton Roads in Norfolk where the company owns extensive tidewater terminal facilities. The road has approximately 47 active coal mines, not including truck mines, on its main line, branches and connecting lines. About 28 of the 47 mines are served by The Virginian, with the remaining 19 being served jointly with the Chesapeake & Ohio. A considerable tonnage of the coal mined consists of high quality coking coal which has a growing market as a result of the great expansion in steel production in this country as well as the upswing in steel business in foreign countries that look to the U. S. to meet their need for metallurgical coal.

Inasmuch as coal traffic over The Virginian accounts for about 76 per cent of total freight revenues, the 1955 upsurge in coal movements was of especial importance. The strong export demand, together with heavier takings by our own steel industry, as well as greater consumption of other types of coal by an expanding domestic electric utility industry, brought Virginian's coal traffic close to the postwar high. Operating revenues of the road increased to $44.2 million from the 1954 level of $37 million, an increase of almost 20 per cent. Greater operating efficiency enabled the road to again reduce its transportation ratio from 22.6 per cent for 1954 to 19.6 per cent last year, and cut its operating ratio on the same basis of comparison from 61.8 to 55.0 per cent. With these reductions and the increase in freight traffic, net earnings for 1955 rose to $10.5 million which, after preferred dividends, equaled

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Pocahontas Roads in New Growth Period

(*Continued from page* 42)

$7.12 a share for the common stock. This showing compares with 1954 net income of $6.3 million, or $3.71 a common share, and surpassed 1947 the previous best postwar year in which $4.37 a share was earned for the common. Operations in the first month of the current year point to a continuance of traffic gains, freight revenues for that period increasing to $4.5 million from $3.3 million for January last year. Net income for January, 1956, of $1,268,514 was almost twice that of a year ago, and equaled 90 cents per common share against 41 cents for January, 1954.

The Virginian over a long period of years has maintained a liberal dividend policy and in the last 20 years has paid out, on an average, about 80% of net income to its preferred and common stockholders. Distributions on the common stock last year were raised to $3.00 a share. Prospects for earnings this year equalling or exceeding the 1955 showing provide a basis for anticipating another moderate boost in the rate or a year-end extra in 1956. Currently, the common stock is selling at 57 and on the present $3 dividend yields 5.2%. —END

Electronics—TV—Movies

(*Continued from page* 21)

development costs have been staggering to such companies as National Cash Register, International Business Machines Corp., leader of the field; Sperry Rand, Underwood Corp., GE, RCA and a dozen others.

In 1955, IBM spent well over $16 million on research and development activities, compared with $14 million in 1954.

Airlines, insurance companies, utilities, banks and dozens of other businesses have taken to using electronic data processing. These have been found to be time-saving and labor-saving, too.

A consent decree (See Patent Decrees, Magazine, March 3) obtained by the Government from IBM early this year promises to make this field severely competitive. Most serious challenger to IBM, of course, is Sperry Rand, formed in 1955 by the merger of Sperry Corp. with Remington Rand, Inc. Shortly before the close of 1955, Sperry Rand filed a $90 million damage suit in Federal Court against IBM. Like the Government, Sperry Rand charged IBM with restraint of trade and monopoly under anti-trust laws. The Sperry Rand complaint stated that IBM controlled more than 90% of the tabulating machine business and received annual rentals "in excess of $200 million" for use of these machines.

This complaint concerned tabulating machines. However, the consent decree between the Government and IBM applies to tabulating machines and electronic computers.

Use of Transistors

To meet the totally different needs of the commercial field, electronic producers constantly are developing new computers. To gain greater speed, save space and attain other desirable results, many of these new computers will use transistors instead of vacuum tubes.

The transistor, a paper-clip-size tube derived from germanium ore, has no cathode and, with nothing to burn out, has far greater life than the conventional vacuum tube. Also, its compact qualities lend to miniaturization. The transistorized radio has made possible the pocket-size radio and transistorized hearing aids have made those devices almost imperceptible.

The nation well may thank the Bell Labs of Telephone for the development of the transistor. That company perfected the transistor over a period of years and brought the price down in four years from $30 each to 90 cents.

Serving the Public

If you have any doubts about the revolutionary impact of television on the American way of life, then listen to C. E. Wareheim, chairman of the board of Commercial Credit Co., a major factor in financing consumer hard-goods:

"A man may have a large equity in an automobile and only a small equity in his television set, but if he's hard-pressed he'll give up his car and keep the TV set."

TV, of course, is only part—the most spectacular part, to be sure—of the story of the giant strides made by the electronics industry during the postwar decade. From a standing start 10 years ago, the industry has blanketed the nation with 43 million TV receivers, of which some 38 million still are in use. This would seem to support the contention of Mr. Wareheim that the American family is devoted, above all other creature comforts, to the living-room screen. Indeed, passenger cars, which have been in production since the last century, only total little more than 50 million units, a figure TV should be challenging within the next few years.

While the 38 million sets in existence today may seem high, there are still some 15 million homes without TV. Also, millions of sets now in use are ready for replacement and there is an increasing number of second-set homes. In fact, domestic harmony often hinges on that second set, which permits male members of the household to watch a ball game or prize fight while others tune in the kiddie show or a melodrama. The fact that the industry still is selling 10 million or more radios yearly, although there are 100 million in use, also would indicate that saturation is only a relative term.

1956: Year of Color

The TV industry is looking beyond the replacement, second-set and "virgin" markets to color. Producers and telecasters (companies such as Columbia Broadcasting System and RCA are in both ends of the business) have a tremendous stake in the development of color.

Production of sets is up, the volume of sales is increasing, more stations are adding color facilities and producers continue to expand color programming. This four-pronged drive is bound to break through before the year is ended, making color TV a reality for the public. More color sets were sold during the last two months of 1955 than in the preceding 10 months. The number of sets sold to date—somewhat less than 100,000—means virtually nothing in comparison with the 38 million monochrome receivers, but the percentage of increase at end of the year marked a sudden spurt in color sales.

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Electronics—TV—Movies

(*Continued from page* 44)

Color TV, of course, is a much-promised commodity and the public is hardly to be blamed for doubting the imminence of its practicality. Several years ago, CBS seemed on its way to pioneering in the color field, thanks to a green light from the Federal Communications Commission. However, the CBS system, which was not compatible (the color programs would not have been available to owners of black-and-white sets), never got beyond the laboratory.

In 1947, when the TV business was in its swaddling clothes, manufacturers turned out 178,571 black-and-white reecivers. This year, RCA alone plans to produce more than 200,000 color sets. From standpoint of total sets, color would seem to be about where black-and-white was in 1947. But in program-production experience and technical equipment, color is far more advanced than black-and-white was nine years ago. After 1947, production of monochrome units jumped tremendously. The same could happen to color within the next year.

What Held It Back?

Government bureaucrats had no little to do with the slow development of color. Out from under the clammy hands of the red-tape brigade, the industry still is faced with three weighty problems, each of which now is being solved.

One problem is the lofty price tag, trimmed since the $1,200 quoted in 1954 to little more than $600 now for a 21-inch receiver. Of course, if your taste runs to smart consoles, you can pay over $1,000. At that figure, the price still is substantially above the $200 to $300 set-owners have laid down for black-and-white, but the spread is not great enough to discourage buyers as long as there are numerous color shows to watch. As demand rises, production will increase and prices will decrease.

And that brings us up to the second problem—the lack of color programming. This now is being overcome by the major networks, which are staging most of their top-talent shows in compatible color. RCA is readying a 100% rise in its color programming, going to 80 hours monthly from 40 hours. By next September, it will have completed a $12 million program to expand its color facilities. That, of course, is in addition to the more than $70 million RCA has spent on color TV in the set end of the business. A measure of its costliness may be gleaned from the fact that RCA has calculated it expended little more than $50 million in getting b-and-w sets into the home.

The third problem on the color front is "bugs." The industry is well on its way to overcoming such problems as colors that run and other technical difficulties. A number of manufacturers already is offering highly perfected color receivers. Once the public prejudice against buying sets it considers "experimental" is overcome, color should gain widespread acceptance.

Color and Shakespeare

Finally, color TV should get a fillip from the sort of promotion undertaken by RCA in its presentation of Shakespeare's "Richard III." Between 40 million and 50 million persons viewed some portion of that photoplay on March 11, probably the largest audience ever to witness a daytime TV entertainment. Only a relative handful of Americans saw this three-hour extravaganza in color. Here was one presentation that fairly cried out for the rich hues that only a fortunate few were able to see through the infant medium of color TV.

RCA paid $500,000 to televise "Richard III" and will share in the income from theatrical distribution of the film in this country. Similar deals between networks and motion-picture producers are pending. The important thing to remember is that the viewer sitting at home saw the economically impossible come to pass. Without charge, he and his family saw the premiere of a film that would cost about $2 a person to witness in a movie house.

Plans of the Set-Makers

While RCA has broken first from the post in the "color" race there is going to be a lot of competition here, just as there is in

the conventional receivers. The fact is nobody has done much to date. Only 50,000-odd color sets were turned out by the entire industry during 1954 and 1955. More than 300,000 sets should be produced this year, most of them in the final half of 1956.

Emerson Radio & Phonograph is making a hundred color sets weekly and aims at 500 weekly by midyear with the total climbing to 1,000 a week by the end of 1956. This should add up to more than 20,000 sets for the entire year.

Sylvania Electric Products, Inc. promises to begin "volume" production of 21-inch screen models in April.

Magnavox, which has been buying color receivers from RCA and installing them in its own cabinets, plans to be in production of its own models before autumn.

Motorola, one of the first to jump on the color bandwagon back in 1954, intends to hit the color market hard in the second half of the year.

General Electric doesn't have a color receiver now, but is understood to be readying one for summer introduction.

The Year in Progress

There would appear to be better years in prospect for the TV industry than the one now in progress. The industry is in a transition period, pushing low-priced b-and-w sets while trying to make the nation color-conscious. Monochrome receivers are in plentiful supply, competition is keen, price-cutting is prevalent and wage-and-material costs continue to mount.

But the long-term growth of the industry appears assured. A decade ago, RCA was doing business at the annual rate of $237 million. The "handle" has multiplied fourfold in that span, thanks largely to its major stake in TV. RCA calculates that by the end of 1964, at a conservative estimate, the volume of the electronics industry (not just TV) will be some 66% over the $11 billion registered in 1955.

It must be borne in mind that fully 80% of RCA's total sales in 1955 stemmed from items that did not exist, or were not commercially developed, a decade ago. A similar pattern prevails among other topnotch companies in the

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field. A like pattern of progress over the next several years would make the RCA forecast conservative, indeed.

The Issue of Pay TV

A major battle is shaping up on the TV front—the issue of Pay TV vs. Free TV. The FCC probably would like to pass on the whole explosive issue to Congress. The broadcasting industry has a tremendous stake in the answer eventually to be made to the petition of three companies—Zenith, Skiatron and Telemeter—for permission to sell programs on the airwaves, now free. Hollywood probably has an equally great interest in this battle, for with Pay TV first-run pictures could be shown to home audiences subscribing to the service. As for the movie palaces, it would probably be a death blow. They already are in a poor state of health.

The big networks, whose shows are made possible by corporate sponsors, are bitterly opposed to Pay TV. Whatever the merits of the respective arguments on the great debate, there is small doubt that the public is hostile to Pay TV. Set-owners reason that they paid for their TV sets, hence should be able to sit back and see plays, ball games and fights for free.

But there can be no doubt either that the public will pay handsomely to witness the telecast of a top-flight sports event, even traveling great distances to attend. This was illustrated last September, when a heavyweight title bout attracted 325,000 customers who paid $1,240,000 into 129 theatre box-offices for the privilege of seeing the contest on a closed-circuit TV screen. The figure would have been even higher, but there just weren't enough seats and theatres (properly equipped to see the telecast) to accommodate the public. At a conservative estimate, the gross would have been 10 times as great if set-owners had been permitted to watch the fight in their living room for a small charge.

Hollywood Marries TV

Hollywood, meanwhile, is marrying the TV industry. There is the merger of United Paramount Theatres, Inc., possessed of an important chain of theatres and lots of money, with American Broadcasting Co., Inc., a firm badly outdistanced in the scramble for top TV shows because it lacked funds to compete with CBS and RCA. In less than three years, the marriage has bred a third topnotch competitive network. Less successful was the purchase by Paramount Pictures Corp. of a large stake in Allen B. Du Mont Laboratories. While this did not work out as well as some other movie-TV combinations, Paramount bought its interest for a mere pittance and has small reason for regrets.

Movie studios, small and large, have gotten into the business of producing films for TV, which has a ravenous appetite for material. Republic Pictures Corp. produces Westerns, a comedy and a Fu Manchu mystery series for TV. Pace-setter of this development is Screen Gems, the TV subsidiary of Columbia Pictures. In less than three years, Screen Gems has come from nowhere to be a tremendous contributor to Columbia's earnings. It turns out for TV such notable serials as "Father Knows Best," "Captain Midnight" and "Rin Tin Tin."

Best Yet to Come

There are other producers in Hollywood who have not been oblivious to the money-making potential in the TV field. By and large, they have, until recently, been the smaller companies. The success they reaped paved the way for the giants of Hollywood.

However, the giants figure to do even better than the little pioneers, for they have libraries of old films that have been a-building for generations. These might well bring on the order of a billion dollars in any sale to the TV industry. Twentieth Century-Fox Film Corp. has estimated the value of its own picture backlog at $150 million, equal to $40 a share of common stock, now quoted at little more than half that price. Meanwhile, the market for films has skyrocketed. According to Spyros S. Skouras, president of Twentieth Century, his company can command four times as much for such films as it could have obtained a few years ago. Throughout the industry there long has been a feeling that the longer it holds out the more it will get for the choice photoplays in its libraries. This reasoning is based on a belief that the demands of TV for entertainment material are soaring. With millions of sets added yearly, the market becomes proportionately richer, attracting sponsors who will pay the rich fees that will bring old movies onto the coaxial cable.

Tires and TV

General Teleradio, a subsidiary of General Tire & Rubber Co., paid $25 million not long ago for R.K.O. Radio Pictures just to get its hands on old films. This month, Warner Bros. Pictures, Inc. agreed to sell 750 feature films (all made prior to 1948) and an undisclosed number of short subjects to PRM, Inc. for $21 million. They will be used on TV.

Such sales, of course, help a

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movie company to produce extravaganzas that have multi-million-dollar budgets. While the Warner people have not made it clear what they will do with the $21 million obtained for the old library, they are carrying on a heavy movie-production schedule, and some of the films which they had planned for earlier completion are still incomplete or not ready for release.

Plight of Movie Houses

TV is usurping more of the movie exhibitors' role just as their critical state is becoming statistically undeniable. The premiere of "Richard III" on TV was only the latest in a series of blows sustained by the theatres.

The Council of Motion Picture Organizations has documented the plight of the theatres, reporting that 5,200 (or 27.1%) of the country's 19,200 "active theatres" now are operating at a loss.

The group blames the Federal 10% admission tax for this situation and argues that if the levy were repealed, theatres would have to keep their present prices and pocket the difference to survive. Yet many other industries bear tax burdens that are even heavier, still managing to prosper. The liquor and jewelry taxes, as examples, are steeper. It is an undeniable fact that the end of the levy would not bring a single additional customer into a theatre.

What the theatres need, of course, is more customers. Going to the movies no longer is a habit—TV has seen to that. Outstanding pictures, to be sure, will lure the public. Unfortunately there are not enough of these to keep the box-office busy. All signs point to a further dwindling in the number of theatres.

Holywood's earnings gains, all in all, are slowing down as wide-screen stimulation loses its vigor. The quality of pictures will be the dominant influence in future earnings. Output is being stepped up to provide movie palaces with more and better material to contend with TV (a dim prospect). Profits figure to be mixed this year, much depending on the success of individual presentations. The industry does not qualify for a good rating in such matters as earnings stability and investment repute. Marriage with TV promises better days for some. —END

For Profit and Income

(*Continued from page* 31)

dividend policy is niggardly in some instances. By judgment or family tax considerations? Some family managements do little more than tolerate outside shareholders. Others are progressive, and strive to serve the interests, and heed the wishes, of outside shareholders. Each case must be judged on its own merit. Here are a few examples of companies with big family stock holdings: Rohm & Haas, about 53% closely held, stock now at 452; Superior Oil of California, nearly 53% owned by the Keck family, stock now at 1142. Both stocks have given outside shareholders large appreciation over the years, low cash dividends. Under more typical management, each would have split twice or more times in recent years. Others: Johnson & Johnson is about 66% management-owned. At 78, the stock over the entire postwar period has outgained the industrial list by about 10%. Cash dividends appear on the "stingy" side, but since 1947 there has been one 100% stock dividend and three 5% stock dividends. Outboard Marine, now at 48¾, is 48% family-owned. Appreciation in the postwar years has been far above average, dividends conservative but in reasonable line with the growth needs of the company. The rate has nearly quadrupled since 1952. In the last decade, there have been a 3-for-1

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For Profit and Income

(*Continued from page* 49)

split, a 20% stock dividend and a 2-for-1 split. McGraw-Hill, now at 88½, is over 45% owned by the McGraw family. The stock has broadly outgained the market, dividend payout is about in line with the over-all average for industry. There was a 2-for-1 split in 1953. The last two cited are examples of family-dominated concerns—various others could be mentioned—which have been managed as any well-run company should be, regardless of stock control.

Stock Groups

Among the stock groups reflecting above-average demand in recent trading sessions up to this writing are: Aluminum, automobiles (Chrysler and GM only), auto accessories, business machines, chemicals, construction, containers, coppers, drugs, electrical equipments, machinery, meat-packing, metal-fabricating, oils, paper, rail equipment and tires. Radio-TV stocks are having the best rally in some time. Groups still appreciably to materially below their earlier highs include agricultural implements, air-conditioning, airlines, amusements, dairy products, department stores, finance companies, liquor, mail order and variety stores. —END

Paying Cash and Stock, Too

(*Continued from page* 26)

a common share on sales of $714,400,000 from $3.99 a share in 1954, when sales totaled $633,400,000.

Dow Chemical, less than two decades ago, was a relatively small factor in the chemical industry with sales around $27 million. Volume has zoomed since then to $471 million in the 1955 fiscal year. L. J. Doan, president of Dow, expects that the current half-year results will make the fiscal year ending May 31, 1956, the most profitable the company has had in some time. For the six months ended November 30, 1955, net profit amounted to $28,339,000, equal to $1.22 a common share. Dow's products fall into three major classifications with 58% of 1955 sales in chemicals, 32% in plastics and 10% in magnesium. Company also plays an active role in the field of silicone chemistry through subsidiary Dow Corning, which it owns jointly with Corning Glass Works. Dow Chemical expended $643 million on new construction and plant additions from 1946 to 1955 in order to capitalize on its research developments. The company operates a plant in Colorado for the Atomic Energy Commission and in addition carries on research projects in the chemical aspects of atomic power. (Attention is called to accompanying table.)

Gulf Oil Corp. has decided to spend $35 million on quality-improving projects at its Philadelphia refinery. The present rate of crude production at the refinery will remain at 183,000 barrels a day. Work on the new units, designed to increase the company's capacity for high-quality gasoline, improved home-heating oil and other high-grade products, will begin this year and some of the new facilities will be in operation before the end of 1956. One of the largest of the integrated international oil companies, Gulf Oil is rated second among U. S. companies in terms of world crude production and reserves. It has a 50% interest in the production from Kuwait in the Middle East. Company also holds a 7% interest in the Iranian consortium. Exploratory operations on its well over 8,000,000 Canadian acres are showing sharp gains in production. In addition, the company has exploration interests in Venezuela, Peru, Barbados, Bahamas, Cuba, Alaska, Sicily, Italy, France and Mozambique. Gulf also is a growing producer of petro-chemicals. Company has a very strong financial position with nearly a half billion dollars in working capital. Capital expenditures have been financed largely through a conservative dividend policy with stock dividends supplementing cash payments in recent years.

Cosden Petroleum is one of the smaller oil companies, with its main interest in refinery operations and a significant stake in petrochemicals. Company has enlarged its Big Springs, Tex., refinery to facilititate the production of additional petrochemical products. About 70% of its automotive gasoline production is sold under contract to larger oil companies and the balance is marketed through independent jobbers under the Cosden brand. In addition to cash, the company paid stock dividends of 20% in 1953, 25% in 1954 and 5% last year.

American Machine & Foundry Co. is the dominant manufacturer

of special automatic and semi-automatic machinery used for making cigars and cigarettes and for stemming tobacco leaf. It also builds machines for packing cigarettes and tobacco. Through acquisitions, it has moved into other fields as well. These include electronics, nuclear energy and defense work. Among its many products are bread-wrapping and vertical mixing machines, baking and industrial ovens, bicyles, electrical relays, industrial fasteners and bowling equipment. Company's common stock is on a regular $1 annual dividend basis and in addition a 2% stock dividend was paid last December.

Rohm & Haas, as a result of outstanding research, has developed a wide line of specialty chemicals, principally plastics, resinous products, leather, textile and agricultural chemicals. R & H is one of the largest domestic producers of acrylic plastics, including plexiglas. Though the company was started in 1909 its stock wasn't available to the public until about five years ago. Over 50% of the outstanding common stock is owned by management.

Grand Union is considered to be one of the best managed companies in this country. During the past 10 years sales of this supermarket food chain have risen sharply and there is no sign of a letdown. Company's stores are situated primarily in New York and New Jersey but has outlets in Canada and Washington, D. C.

As a final note, we would cite the situation of Raytheon Manufacturing Co., a growth company that makes electronic and communications equipment, with an important part of operations devoted to developmental work and production for the Government. The company has no record of cash dividends on the common stock and loan agreements curb its right to pay such dividends.

Indeed, there is small likelihood of a cash dividend on the common shares for some time, since this top producer of magnetron and klystron tubes for radar is spending heavily for research, development and expansion of commercial lines. Raytheon, meanwhile, has sought to keep shareholders from becoming disgruntled by paying stock dividends—5% in 1945, 10% in 1954 and 5% last year.—END

Homefurnishings Staging Rebound

(*Continued from page* 28)

carpet output also is being stressed at James Lees & Sons Co. The management believes that there is a great growth potential in the tufted field and is spending a considerable amount of time and money developing that market. Last year it established a new tufted yarn spinning mill in Georgia and expanded its Bridgeport tufted carpet operations. This year Lees will spend $2 million on expanding its facilities for the production of tufted carpets, aimed at boosting output by an estimated 60% to 70% by March of 1957.

Lees' sales last year topped $71 million while earnings were in excess of $3.4 million, or $4.05 per share. This despite the fact that during the year the company closed an outdated spinning and dyeing plant in Bridgeport. Lees is now planning to spend a total of $6 million on expansion plans in 1956 which indicates the company is confident of the business outlook for some time in the future.

Artloom Staging Comeback

The Artloom Carpet Company is just starting its profit comeback after a poor showing in the July 30, 1955, fiscal year. It had reported a loss of over $97,000 for that period but in the first half of the current year its earnings have jumped to over $136,000 for the first half year compared with only $10,000 in the previous year. Artloom has not paid a dividend since 1953, but the management has expressed hope that resumption of payments may be attempted if the present improvement continues.

The losses in the previous year were due to heavy price-cutting on inventories it was attempting to liquidate while at the same time spending money on new tufting equipment. The company moved swiftly to get into the tufted field when its growth was realized and within two years it accounted for one-third of Artloom's volume. Artloom also is seeking to diversify outside the floor-covering field. It has established the Pan Art division, supplying material for catalogs and advertising media and now is seeking other products for this division.

The Firth Carpet Co., which sticks to a higher percentage of wool carpet output than most of its competitors, has succeeded in combining the economy of tufted production with the quality of wool rugs and has produced a "Tuftwoven" line of floor-coverings. It is a woven fabric that uses the tufted carpet's rubberized back. Over 60% of Firth's output is in this type of carpet and the percentage is expected to jump in 1956 as more tuftweaving machines are installed. Sales last year topped $21 million and earnings were $1.28 per share. The company paid 45 cents in dividends last year and the chances of an increase in payments this year are good.

The American Seating Co. makes special furniture, ranging from desks for the classrooms—

kindergarten to college—to seats for buses, church pews and folding chairs. American's sales and profits have been excellent in the last few years. In 1955, the volume totaled $37,489,510 while the earnings totaled $2,304,510, equal to $3.59 per share on the outstanding common. The increase in volume came despite a decline of over $1 million in defense orders.

The management is optimistic about its outlook for 1956, although it recently pointed out that the excellent market for schoolroom equipment has lured a number of new manufacturers into the business of making this type of furniture. Since most of these newcomers stress low prices to school systems to lure orders, it's possible that the price competition will squeeze some of the profit out of the volume—but it should still be ample to assure continued prosperity for the economy.

Kroehler Manufacturing Co. sales for 1955 topped $76 million and earnings were about $4 million, on the order of $4 per share. This represents a $14 million gain in volume and a $1.8 million rise in profits, a substantial increase. Kroehler's plants have continued to operate at peak levels and if there is not letup in the months ahead it should be able to rack up a 1956 volume in the range of $95 million or better.

The company now is expanding its facilities. It plans to spend $6 million in the next 18 months on new production equipment. The money will be taken out of earnings and from the proceeds of a sale of 160,000 shares of common last year. It's estimated company does about 8% of all living-room furniture sold in the U. S.

Simmons Doing Better

The Simmons Co. had an excellent year in 1955, with sales topping $156 million and earnings of $5.31 per share, substantial gains over the 1954 showing. Moreover, Simmons sold all its textile properties to the J. P. Stevens Co. earlier this year. This sale represented a substantial amount and although details of the transaction, including price, have not been disclosed, it is expected to be large enough to enable Simmons to use the proceeds of the sale in improving its own operations. It is believed part of the money will be used to retire some of the company's preferred stock, some to finance new expansion plans, possibly into a new type of product, and the remainder in expanding Simmons in its field of sofa and mattress output, where the competition has grown stiffer in recent years. However, Simmons' volume for the first two months of the current year is running over 15% ahead of the 1955 period and this augurs well for the company in 1956.

The Mengel Co., which is controlled by the Container Corp. of America (owning 67% of its stock), also is expected to show a substantial improvement in 1956. Mengel is the nation's largest producer of hardwood products, turning out a line of furniture, including bedroom and dining-room suites. It showed a substantial profit improvement in 1955 and as the market for its products seems to be improving, earnings for the current year should be higher.

Babies Basis of Business

Heywood-Wakefield, one of the nation's major producers of wicker furniture, children's furniture, including carriages, has just finished showing its line of goods at the annual toy fair, where orders generally ran well ahead of last year. This field of infant's furniture has been the only segment of the industry to get off a disappointing start on orders in 1956. But as long as the nation's heavy birth rate continues there is ample opportunity for increased volume for this company, whose sales in its last fiscal year topped $28.5 million.

With the exception of W. & J. Sloane, most of the publicly-listed furniture retail operations are regional situations. Sterchi, for example, with 41 units is in the South with its units fanning out from Knoxville, Tenn. The chain has been expanding its operations slowly and has had some ups and downs in the past few years but has always managed to show a profit during its trading on the Big Board. Sterchi's fiscal year ends in February and it's expected that earnings for the last fiscal year will be slightly in excess of $1.55 per share. Sterchi's stores cater to the middle-income budget range on furniture and to date credit collections are satisfactory and the company has had no trouble with its installment-type sales.

Spear Co., being a merger of the Spear Furniture Stores and Ludwig Bauman, is another operation that has just reached the turning point. The company had a profit of over $1 million on the sale of property early in the year and thereafter reported a series of quarterly losses. However the losses were not big enough to wipe out the gain, so the company will show a profit for 1955. Moreover, it will probably show an operating profit for the first quarter of 1956. Spear has nearly completed its job of rehabilitation and eliminating of high overhead. It will concentrate on the operations of five stores in the New York area and two in Pittsburgh. The drain on profits caused by necessary redecorating and altering of stores is drawing to an end. Also, the company has eliminated the merchandising of lines for which it was not properly suited, such as apparel and appliances, and will concentrate on homefurnishing.

Barker Thrives On Coast

Barker Bros., another furniture chain with 17 stores, operating in lower California, is another regional situation. Barker has shown a steady improvement in sales and earnings for the past four years. Volume has climbed steadily and in 1955 it totaled $33.6 million and showed a profit of $2.41 per share, an improvement of $1 per share in earnings over the 1954 period.

Barker's improvement is expected to continue during 1956, but there is little likelihood of any move to merge Barker into the Gamble-Skogmo operation since there is little similarity between the two retail operations in area or merchandise. Last September, the Gamble-Skogmo management acquired 150,000 shares of Barker stock or 47% and was able to elect three directors to the board.

W. & J. Sloane, with a February 28 fiscal year, has finished one of the most hectic years in its history. During the year a proxy fight changed the top echelon of management and directors although it continued to be controlled by the Sloane family. Sloane's volume should be in excess of $23 million and its profits better than 70 cents per share. However, this chain of medium to higher-price furniture is about

(*Please turn to page* 54)

Homefurnishings Staging Rebound

(*Continued from page* 52)

to launch a very aggressive sales and merchandising campaign.

It has nine stores stretching across the country from New York to San Francisco. The company for years had the reputation of being a quality-type outlet for higher-price furniture. This reputation the company has been attempting to alter somewhat by featuring more medium-price furniture in its advertising and promotion. Sloane also has a contract department which specializes in the equipping of business offices or industrial work ranging from carpet for a plush executive office to decorating and furnishing a whole business building. This division is expected to be very active this year with the expansion of business offices, especially in the New York area.

Reliable Stores is another regional operation. Its headquarters are in Baltimore and its retail outlets fan out from that area. Reliable operates a variety of retail stores, including men's clothing and jewelry stores. However a group of 23 furniture stores is the backbone of the operation. Sales for 1955 topped $23 million and profits showed comparable increases. During 1955 the company split its outstanding common 2-for-1 and on the new shares profits were running 25% ahead of the 1954 showing.

Sterling: Stores, Factories

Sterling, Inc. is a Midwest furniture chain that also owns some furniture factories. The company operates 18 stores under the name Pearsan in Indiana and four other stores under the Good Housekeeping name in that area. Its 1955 volume topped $12 million and profits also showed a gain, at least for the first nine months. The company has been having a slow recovery since 1952, when the present management assumed a policy of streamlining the operation. Sterling had a number of furniture plants, which the management has gradually cut down although today it still makes a line of bedroom and living-room furniture.

The Daystrom Co., while not strictly a furniture company, does produce a large amount of metal furniture. Metal furniture sales have grown substantially in the past three years, reflecting the increase in suburban home ownership. Metal furniture sales had a peak year in 1955 and even in the early months of this year orders are running substantially ahead of 1955. Daystrom, with operations in the electronic and printing field, nevertheless has a substantial production in the metal-furniture field and is expected to increase its output in 1956. Daystrom's volume has risen steadily in the past three years from $46 million.

From the foregoing, it will be seen that things are looking up for the home-furnishings industry. While investment-grade issues are few and far between, the field is sprinkled with numerous companies that have considerable promise of growth, notably American Seating, Simmons and Armstrong Cork. Many of the issues in the industry have not participated in stock market upsurge, thus qualify as small risks.

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Save the Economic Life of Our Cities

(*Continued from page* 10)

Stocks listed on the New York Stock Exchange provide an insight to the low esteem in which traction and omnibus groups are held by the investment community. All of the issues on the exchange at the end of February had an average price of $54.17. Highest average price group was communications with $139.70 a share. At the other end of the scale were the traction and omnibus issues, averaging a mere $17.57 a share.

Public Ownership Threat

New York City, of course, has the largest mass-transit system in the country. Its subway properties and much of the surface operations long ago were driven into municipal ownership. The New York experience is scarcely unique, for every one of the 48 states has towns which have taken over their tractions.

Private transit companies have been going downhill fast the past several years. It has been estimated that they earn only 1.5% return on their value, scarcely conducive to attracting investment funds. The tractions have been screaming for years that "One bus carries as many people as 31 cars" but people still reach for their car keys.

Some of the problems of private transit companies: Most of their service is provided during morning and evening rush-hours, hence much of their equipment is idle the rest of the day. More than 60% of every dollar they take in goes for wages and wage costs have soared in the postwar decade. The cost of vehicles and repairs has jumped more than 100% over the same span. Fare increases must be approved by state and local regulatory bodies, which entail long delays and red tape. Discriminatory street-use taxes are levied against transit companies even though everyone uses the streets.

Extensive Losses Elsewhere

Transit companies have few friends, so their case is not being heard sympathetically. But the slow strangulation of our cities stemming from snarled traffic can be costly to people who have no direct stake in traction companies. Whole plants and offices are being moved out of big cities by corporations which fear that the worsening situation will have dire effects on their own business. General Foods Corp., which processes nearly a billion dollars worth of merchandise annually, began to have problems in the Grand Central area of New York as far back as 1937. The leasing of additional quarters for its administrative staff proved no solution.

"Our expected growth, we knew, required a permanent solution to the problem, or our headquarters people would presently be more widely scattered, with serious loss of working efficiency," General Foods says. "After an exhaustive study of all possibilities, we decided to build on the fringe of the New York metropolitan area."

GF chose White Plains as the new headquarters for 1,200 employes. "Greater efficiency is possible here than in Manhattan," notes GF.

Manhattan has few sprawling manufacturing plants. It is about to lose one of the biggest, for

National Biscuit Co., kingpin of the bakers, is transferring manufacturing facilities from New York to Fair Lawn, N. J.

Less well-known companies also have deserted New York City. Federal Manufacturing & Engineering Corp. was forced out by a slum-clearance project. This maker of photographic and electronic equipment actually wanted to stay on in the city, but was unable to find suitable facilities. It wound up last year in Garden City, L. I., where the company found "a lot of elbow room."

New York Notes Drop

Only a few days ago, Mayor Robert F. Wagner called attention to the declining state of manufacture in the nation's first city. Manufacturing provided 80,000 fewer jobs in New York last year than in 1953. New York, of course, is unique—the growth of wholesale trade, finance, insurance and other white-collar fields has counterbalanced the manufacturing decline. Not many cities can replace the lunch-pail people with briefcase-carrying personnel.

Nor is New York happy about the decline in its status as a manufacturing center. The Mayor referred to the "unrelenting effort to relieve vehicular congestion and keep traffic moving." His administration is committed to "finding a solution to traffic congestion."

Up to now, only half-measures have been taken. And even if New York should one day find a solution to the traffic emergency, it isn't likely that plants which have gone west, north and south will return to New York.

Industrial Parks In Vogue

Development of industrial parks is providing the answer to the problem of many small and medium-size companies. These are situated in pre-zoned (for business), prepared suburban areas. Such a project has risen this year on an initial tract of 300 park-like acres just 25 minutes north of downtown Philadelphia. It provides facilities for numerous non-related companies, including manufacturing space, warehousing and office buildings. There are, already, more than 100 industrial parks scattered about the country, a concept that is calculated to take even greater hold as industry continues its trek to the suburbs. Renting space in industrial parks, of course, eliminates the need to purchase property, a large consideration for small companies.

Cities and Suburbs

The exodus to the suburbs by people and plants seems only to have begun. For the cities, the pattern will be mixed. There does not apear to be much room for growth in such cities as New York, Detroit, St. Louis or Washington. On the other hand, sprawling cities, such as Los Angeles, are climbing rapidly. Indeed, the California metropolis is well on its way to displacing Chicago as the second most populous city. Many Southern cities also are expected to continue growing over the next decade, especially Miami, Dallas and Oklahoma City.

Cities, however, will need more than land area to grow. Downtown areas will fade where municipalities stress the movement of vehicles through narrow, outmoded streets rather than the movement of people. With the economic life of central business areas being strangled by traffic congestion, it is a foregone conclusion that (with some few exceptions) the suburban areas are in for an "explosive" growth while cities proper record some small gain or none at all.

It can't be otherwise, since few urban areas have come to grips with the emergency. The general prescription is widen a street, build a clover-leaf interchange, or even a freeway. Such projects have been undertaken on a vast scale in recent years and the result—traffic congestion was never greater. City of Cleveland made a check one day and found that between 7 A. M. and 7 P. M. 199,500 people arrived in the downtown area in 5,000 mass-transit vehicles. Over the same span, 170,500 people came in via 121,300 passenger cars and trucks. The transit vehicles represented only 4% of all the vehicles entering the downtown section, but they brought in 54% of the people. Moreover, the transit vehicles required no downtown parking facilities. Still, all of the stress is on accommodating passenger cars.

It is no wonder then that this rapidly deteriorating situation has led department stores to emphasize suburban branch establishments and business organizations to leave our cities.

Inevitably, the question arises whether the impact of an upsurge in mass transit would not have baleful effects on the automotive industry. While it is impossible to measure accurately all of the repercussions, it is unrealistic to expect that people will abandon their motor cars. Millions of car-owners are devoted to these creature comforts — only they don't drive to town every day. —END

Answers to Inquiries

(*Continued from page* 38)

ties of tire rayon, and the rayon industry was able to maintain its dominant position in the tire field in 1955 when slightly more than 86% of all tire cord was made of rayon.

The company plans to produce high-tenacity continuous filament nylon yarn for tire cord and industrial applications. Equipment for the production of this yarn, which was developed by Industrial Rayon, now is being installed at the company's nylon staple plant in Covington, Va. Production at an annual rate of a million pounds is expected to start in July.

This initial capacity will be adequate for confirming on a broad basis the excellent results obtained in the evaluation of the company's pilot plant product. Should demand for high-tenacity nylon increase, the company plans expanding capacity for its manufacture either at Covington or at some new site.

Sales of high-tenacity rayon for uses other than tires already have formed an impressive part of Industrial Rayon's business, and significant progress has been made in extending the application of the company's textile yarn in draperies, household and automobile upholstery fabrics.

The introduction and market development of the company's new nylon staple fiber is encouraging, and the present year should witness a more diversified and extended use of this product.

Dividends in 1955 totaled \$3 per share and 75 cents quarterly has been paid thus far in the current year. —END

Keeping Abreast of Industrial and Company News

(*Continued from page* 37)

For 1955, Armco had record sales of $692,683,000 and net of $64,351,000, or $6.05 a share. The current year may well top that showing, for Armco finds: "The world-wide shortage of steel which characterized 1955 has carried over into this year and at present the strong demand continues."

Standard Uranium Corp. has established an unusual mark for a company in that field. On December 31, it closed out its first year of operation with a net profit of $588,500. Since full-scale operations were not attained until March, the earnings actually were compiled over a span of less than 10 months. William R. McCormick, president, expects earnings this year will be even better, since many of the delays and expenses sustained early last year are nonrecurrent items. Standard exceeded its ore quota in January and February of this year and currently is negotiating with the Atomic Energy Commission to have its present quota of 120,000 tons per annum hiked to 150,000 tons.

Nehi Corp. began its fiftieth year in January. The year just ended was a good one for this producer of such soft drinks as Royal Crown Cola, Nehi and Par-T-Pak. Sales were the largest in the company's history. Net earnings in 1955 were 15% greater than in the prior year, amounting to $1.25 a share, against $1.07 in 1954. The dividend rate has been boosted to 20 cents quarterly, a token of Nehi's expectation that 1956 will be "very successful."

B. F. Goodrich Co., one of the kingpins of the rubber-producing industry and a growing factor in such varied fields as chemicals, plastics and industrial products, is well on its way to attaining a billion-dollar annual volume. The company topped the three-quarter mark last year with a "handle" of more than $755 million, a rise of nearly 20% from the 1954 figure. Continued sales growth, development of new products and expansion of facilities in the chemical division was experienced in 1955. Another new segment of the business that holds brilliant promise is Goodrich-Gulf Chemicals, in which the company has an equal interest with Gulf Oil.

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Latest Developments in Gold

(*Continued from page* 13)

ject, Russian output of gold is reported to have expanded considerably as a result both of the extensive use of slave labor and of the rapidly growing output of nonferrous metals with which gold is usually associated. It is claimed that Soviet gold production, including the substantial output in Red China, North Korea, and Rumania, may not be far below the $511 million produced in 1955 by South Africa. In view of this production record, it is believed that the Soviets may already have accumulated anywhere from $7 billion to $12 billion, the second largest gold stock outside the United States.

Has the United States Enough Gold?

As a result of greatly diminished gold hoarding and Russian gold sales, the Free World was able in 1955 to add a record amount of gold—some $850 milion—to its gold reserves. As of the year-end 1955, these reserves stood around $38 billion, including the gold owned by the World Bank and the International Monetary Fund. The United States still held some 60 per cent of the total, or $21.8 billion.

However, despite this huge stock remaining practically unchanged during 1955, many people seem to worry that we may not have enough gold, after all, to cover our note and deposit liabilities. They point out that as of the end of 1955 we owed foreign countries some $13.6 billion in short-term liabilities — bank deposits and short-term U. S. Government paper—which these countries could convert into gold at almost a moment's notice. That would leave us with some $8 billion in gold, whereas our note and deposit liabilities require a minimum gold reserve of about $12 billion. Our largest creditors, each with about a billion dollar claim against us, are: West Germany, the sterling area pool, Canada, France, and Japan.

What are the chances that foreign countries will convert their $3.6 billion claim into gold? Basically they are slim. Besides, the actual amount would be much smaller. As will be seen from Table III, there is a considerable counterclaim against foreigners ($1.5 billion). A substantial part is held by International Institutions ($1.9 billion). Some of the private claims are in the nature of commercial working balances here. Hence, the actual withdrawal, at worst, would probably be well below $10 billion. Basically, such a withdrawal would occur only in two extreme cases: (1) if the United States engages more or less alone in a major conflict, let's say with the Soviet Union, or (2) if a suspicion develops that the United States is about to "monkey" with the dollar as it did during the early part of the Roosevelt era. The danger is that then not only would foreign countries be converting their balances into dollars, but also that American capital would seek refuge abroad as it did in Mexico and Canada in 1950. About the only thing that we could do would be to embargo gold exports. We would then be off gold, and the dollar would be fluctuating in terms of it.

However, this is not the time for loss of sleep over the possibility of the United States' raising the price of gold. As long as the Eisenhower Administration is in, there is no chance whatsoever that the gold price will be upped. As long as the country remains prosperous, the Democrats too are bound to stick to the present price. As a matter of fact, some of the most categorical statements regarding the maintenance of the price of gold came from John Snyder, President Truman's Secretary of the Treasury. The dollar has won the reputation—even in the communist orbit—of being as good as gold. Our best protection is to keep it as good as gold by watching our finances, prices, and international payments.

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CROWN products serve her
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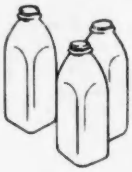
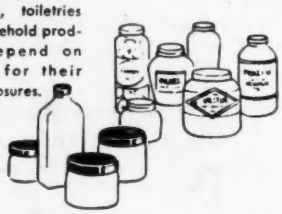
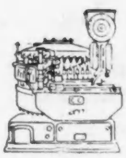
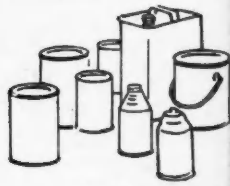
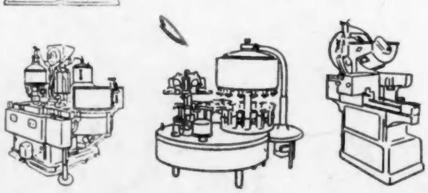
FOOD MARKET
DRUGS
BANK
HARDWARE
BEAUTY SHOP
Milk
Beverages











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